Condensed Consolidated Interim Financial Statements of

MAXIM POWER CORP.

For the First Quarter ended March 31, 2018

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The Corporation's independent auditor has not performed a review of the accompanying unaudited condensed consolidated interim financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards.

(signed) "M. Bruce Chernoff"	*(signed) "Michael R. Mayder"*
M. Bruce Chernoff	Michael R. Mayder
Interim Chief Executive Officer	Senior VP Finance and Chief Financial Officer
MAXIM Power Corp.	MAXIM Power Corp.

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

	Note	**March 31, 2018**	December 31, 2017
ASSETS			
Cash and cash equivalents		**23,211**	51,264
Short-term investment	5	**75,429**	50,138
Trade and other receivables		**1,397**	2,169
Prepaid expenses and deposits		**66**	122
Total current assets		**100,103**	103,693
Property, plant and equipment, net	7	**50,899**	47,574
Intangible assets, net		**677**	677
Restricted cash		**7,911**	7,908
Deferred tax assets		**2,679**	2,679
Other assets	9a	**5,968**	6,959
Total non-current assets		**68,134**	65,797
TOTAL ASSETS		**168,237**	169,490
LIABILITIES			
Trade and other payables		**5,900**	6,393
Total current liabilities		**5,900**	6,393
Provisions for decommissioning	7	**13,711**	11,055
Deferred tax liabilities		**3,368**	3,368
Total non-current liabilities		**17,079**	14,423
TOTAL LIABILITIES		**22,979**	20,816
EQUITY			
Share capital		**157,471**	157,471
Contributed surplus		**11,640**	11,517
Deficit		**(23,853)**	(20,314)
TOTAL EQUITY		**145,258**	148,674
Commitments and Contingencies	9,10		
TOTAL LIABILITIES AND EQUITY		**168,237**	169,490

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

On behalf of the Board:

M. Bruce Chernoff	Wiley Auch
Director	Director

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended March 31
(in thousands of Canadian dollars)

	Note	**2018**	2017
Revenue		**-**	1,979
Expenses			
Operating		**1,289**	5,686
General and administrative		**1,199**	541
Depreciation and amortization		**1,300**	1,589
Gain on commodity swaps	13	**-**	(975)
Other expense (income), net		**198**	(54)
Operating loss		**(3,986)**	(4,808)
Finance income, net	6	**(447)**	(303)
Loss before income taxes		**(3,539)**	(4,505)
Income tax expense			
Current		**-**	6
Net loss from continued operations		**(3,539)**	(4,511)
Discontinued operation			
Net income from discontinued operation (net of tax)	4	**-**	930
Net loss		**(3,539)**	(3,581)
Other comprehensive loss, net of tax:			
Item that are or may be reclassified to net income:			
Translation of discontinued foreign operation		**-**	(1,443)
Total comprehensive loss		**(3,539)**	(5,024)
Net income (loss) attributable to:			
Non-controlling interest		**-**	4
Shareholders		**(3,539)**	(3,585)
Net loss attributable to shareholders per share:	8		
Basic earnings		**(0.06)**	(0.07)
Diluted earnings		**(0.06)**	(0.07)
Net loss attributable to shareholders per share continued operations:	8		
Basic earnings		**(0.06)**	(0.08)
Diluted earnings		**(0.06)**	(0.08)
Comprehensive income (loss) attributable to:			
Non-controlling interest		**-**	2
Shareholders		**(3,539)**	(5,026)

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

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended March 31
(in thousands of Canadian dollars, except common share data)

	Common shares (thousands)	Share capital	Contributed surplus	Accumulated other comprehensive gain (loss)	Deficit	Equity attributable to shareholders	Non-controlling interest	Total
Equity at December 31, 2017	54,624	157,471	11,517	-	(20,314)	148,674	-	148,674
Net loss	-	-	-	-	(3,539)	(3,539)	-	(3,539)
Share-based compensation	-	-	123	-	-	123	-	123
Equity at March 31, 2018	**54,624**	**157,471**	**11,640**	**-**	**(23,853)**	**145,258**	**-**	**145,258**
Equity at December 31, 2016	54,301	156,482	11,423	28,172	(38,790)	157,287	194	157,481
Net income (loss)	-	-	-	-	(3,585)	(3,585)	4	(3,581)
Stock options exercised	24	70	(10)	-	-	60	-	60
Share-based compensation	-	-	91	-	-	91	-	91
Translation of foreign operation	-	-	-	(1,441)	-	(1,441)	(2)	(1,443)
Distributions to non-controlling interest	-	-	-	-	-	-	(31)	(31)
Equity at March 31, 2017	54,325	156,552	11,504	26,731	(42,375)	152,412	165	152,577

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

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31
(in thousands of Canadian dollars)

	Note	**2018**	2017
Cash flows from operating activities:			
Net loss from continued operations		**(3,539)**	(4,511)
Adjustments for items not involving cash or operations:			
Depreciation and amortization		**1,300**	1,589
Share-based compensation		**123**	91
Income tax expense		**-**	6
Finance income, net	6	**(447)**	(303)
Commodity price call option expired out of the money	13	**-**	378
Approved emission performance credits		**-**	(36)
Funds used in continued operating activities before changes in working capital		**(2,563)**	(2,786)
Change in non-cash working capital from continued operations	11	**(569)**	248
Net cash used in operating activities from continued operations		**(3,132)**	(2,538)
Cash flows from financing activities:			
Net proceeds from exercise of stock options		**-**	60
Interest and bank charges	6	**(36)**	(152)
Net cash generated used in financing activities from continued operations		**(36)**	(92)
Cash flows from investing activities:			
Property, plant and equipment additions		**(963)**	(282)
Purchase of short-term investment	5	**(25,000)**	-
Reinvested interest income from short-term investment		**(291)**	-
Interest income	6	**500**	-
Change in non-cash working capital	11	**869**	350
Net cash generated from (used in) investing activities from continued operations		**(24,885)**	68
Decrease in cash and cash equivalents from continued operations		**(28,053)**	(2,562)
Cash and cash equivalents held at discontinued operation, beginning of period		**-**	3,535
Net decrease in cash and cash equivalents from discontinued operation	4	**-**	(1,092)
Less: cash and cash equivalents held at discontinued operation, end of period		**-**	(2,443)
Cash and cash equivalents, beginning of period		**51,264**	15,303
Cash and cash equivalents, end of period		**23,211**	12,741

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

1. Reporting entity

Maxim Power Corp. is incorporated in the province of Alberta, Canada. Maxim Power Corp. and its subsidiaries (together "MAXIM" or the "Corporation") is an independent power producer, which acquires or develops, owns and operates power and power related projects in Alberta. The Corporation closed the sale of its United States operating segment on April 3, 2017 and has presented the result of this segment as discontinued operation (note 4). The Corporation's common shares trade on the Toronto Stock Exchange under the symbol "MXG". MAXIM's registered office is Suite 1210, 715 – 5 Avenue S.W., Calgary, Alberta, Canada, T2P 2X6.

2. Basis of preparation and statement of compliance

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The unaudited condensed consolidated interim financial statements do not include all the information required for annual financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Corporation's December 31, 2017 annual audited financial statements, available at www.sedar.com.

MAXIM's Board of Directors approved these unaudited condensed consolidated interim financial statements on May 7, 2018.

3. Significant accounting policies

Except as noted below, the significant accounting policies used in the preparation of these unaudited condensed consolidated interim financial statements have been applied consistently for all periods presented and are unchanged from the policies disclosed in the notes to the consolidated financial statements for the year ended December 31, 2017.

On January 1, 2018, the Corporation adopted *Financial Instruments* ("IFRS 9") and *Revenue from Contracts with Customers* ("IFRS 15"), as well as the amendments to *Investments in Associates and Joint Ventures* ("IAS 28"), *Transfers of Investment Property* ("IAS 40"), *Share-Based Payments* ("IFRS 2") and *Insurance Contracts* ("IFRS 4"). With the exception of IFRS 9 described below, the adoption of these new standards and amendments had no impact to the amounts recorded or related disclosures in the Corporation's consolidated financial statements as of January 1, 2018 or comparative periods.

The adoption of IFRS 9 is effective for annual periods on or after January 1, 2018 and is applied retrospectively, including the classification and measurement of financial assets and liabilities and the expected loss impairment model. The adoption of IFRS 9 resulted in no prior period restatements, reclassifications in the Statement of Financial Position and no impact to the Statements of Loss and Comprehensive Loss. The standard now includes three categories for financial assets, as compared to five categories under IAS 39. IFRS 9 removes the loans and receivables and held for trading categories previously included under IAS 39 and retains amortized cost, fair value through profit or loss and fair value through other comprehensive income categories. For financial liabilities, most of the requirements from IAS 39 were included in IFRS 9 and did not impact the Corporation's financial liabilities. Additionally, IFRS 9 also includes a greater emphasis on the Corporation's credit risk and how the Corporation's credit losses are determined. The following table summarizes the Corporation's financial asset and liability classifications:

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

3. Significant accounting policies (continued)

	IAS 39		IFRS 9	
Financial instrument	**Classification**	**Measurement**	**Classification**	**Measurement**
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortized cost	Amortized cost	Amortized cost
Short-term investment	Loans and receivables	Amortized cost	Amortized cost	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost	Amortized cost	Amortized cost
Milner decommissioning reimbursement	Fair value through profit or loss	Fair value	Fair value through profit or loss	Fair value
Financial liabilities				
Trade and other payables	Other financial liabilities	Amortized cost	Amortized cost	Amortized cost

Refer to note 13 for a further description of the Corporation's financial instruments and credit risk.

The use of judgments and estimates in the preparation of these unaudited condensed consolidated interim financial statements has been applied consistently for all periods presented and are unchanged from the judgments and estimates disclosed in the notes to the consolidated financial statements for the year ended December 31, 2017, with the exception of the change in estimate in note 7.

4. Discontinued operation

The following tables represent the discontinued net income and cash flows for the United States operating segment at March 31, 2017:

	March 31, 2017
Revenue	14,246
Expenses	12,859
Operating income	1,387
Finance expense	460
Income before income taxes	927
Income tax expense (benefit)	
Current	25
Deferred	(28)
	(3)
Net income from discontinued operation	930
Attributable to:	
Non-controlling interest	4
Shareholders	926

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

4. Discontinued operation (continued)

	March 31, 2017
Cash flows from (used in) discontinued operation	
Net cash generated from operating activities	100
Net cash used in financing activities	(843)
Net cash used in investing activities	(310)
Unrealized foreign exchange loss on cash	(39)
Net cash flows for the period	(1,092)

5. Short-term investment

During the first quarter of 2018, the Corporation invested $25,000 into a certificate of deposit held with a Canadian financial institution. The deposit requires a ninety day notice for redemption and earns interest at a floating rate of bank prime less 1.20%.

6. Finance income, net

	March 31, 2018	March 31, 2017
Interest expense and bank charges	36	152
Accretion of provisions	24	20
Foreign exchange gain	(7)	(475)
Finance expense (income)	53	(303)
Interest income (i)	(500)	-
Total finance income, net	(447)	(303)

(i) Includes interest income on cash and cash equivalents, short-term investment and restricted cash.

7. Provisions for decommissioning

During the first quarter of 2018, the Corporation continued remediation of certain lands at the HR Milner generating facility ("Milner") site, and as a result management updated the cost estimate to decommission Milner. The cost estimates were updated to reflect current information. The effect of this change increased provisions for decommissioning and property, plant and equipment by $3,552. The revised decommissioning provisions have been discounted at the risk-free rate, which was 2.2%.

8. Earnings per share

The calculation of basic and diluted earnings per share the three months ended March 31, 2018 was based on the net loss attributable to common shareholders and net loss attributable to common shareholders from continued operations of $3,539 (March 31, 2017 – $3,585 and $4,511, respectively) and weighted average number of common shares outstanding for the period of 54,623,825 (March 31, 2017 – 54,319,075).

The effects of exercisable stock options on diluted earnings per share were nil for the three months ended March 31, 2018 (March 31, 2017 – nil) as they were antidilutive.

9. Commitments

(a) Milner Power Limited Partnership ("MPLP") is responsible for the decommissioning and remediation of the power station lands at Milner and the present value of these amounts have been recorded in provisions. The Balancing Pool has agreed to reimburse MPLP for the first $15,000 in decommissioning expense. As a result of the change in estimate disclosed in note 7, the remaining net cost to decommission Milner at March 31, 2018, is $3,911 greater than the remaining reimbursement from the Balancing Pool.

As at March 31, 2018, on a year-to-date basis, the Corporation has billed the Balancing Pool for $1,216, of which $427 has been collected for remediation of certain lands at Milner. As at March 31, 2018, on a life-to-date basis, the Corporation has billed the Balancing Pool for $3,560, of which $2,771 has been collected for remediation of certain lands at Milner. The present value of the residual balance of $5,788 has been recorded in other assets, net of amounts billed. Should there be a material breach of environmental laws by MPLP during the period of ownership, then MPLP is required to contribute fully to the incremental costs caused by such material breach.

(b) The Corporation has entered into a natural gas transportation service agreement from November 1, 2020 to October 31, 2028 for the Deerland peaking station development project whereby it is committed to reimburse out-of-pocket costs of the counterparty for the construction of the project. The maximum authorization of expenditure is $1,570 and $15 has been incurred by the counterparty as at March 31, 2018. The Corporation has an additional commitment of $798 regarding the service portion of the contract.

(c) The Corporation has entered into various operating and maintenance and capital contracts to supply services and equipment for Milner. These contracts expire in 2018 with commitments totaling $1,643.

10. Contingencies

(a) Contingent liabilities

The Corporation operates in a regulatory and commercial environment that exposes it to regulatory, contractual and litigation risks. As a result, the Corporation is involved in certain disputes and legal proceedings, including litigation, arbitration, and regulatory investigations. Such cases are subject to many uncertainties, and the outcomes are often difficult to predict, including the impact on operations or on the financial statements, particularly in the earlier stages of a case. In certain circumstances, to avoid the expense and distraction of legal proceedings, the Corporation may, based on a cost-benefit analysis, enter into a settlement even though denying any wrongdoing. The Corporation makes provisions for cases brought against it when, in the opinion of management after seeking legal advice, it is probable that a liability exists, and the amount can be reliably estimated.

10. Contingencies (continued)

The Corporation has closed the sale of the France operating segment. Under the agreement, the Corporation continues to be subject to the claims received for €1,700 thousand in additional costs from suppliers in France. Costs in relation to these claims and potential claims are only recognized when they become probable and based on the information presently known, it is the view of the Corporation that these claims and potential claims are without merit. Further under the agreement, the Corporation is subject to performance criteria of certain generating units in the France operating segment until October 31, 2017. The Corporation is responsible to reimburse the buyer of the France operating segment for penalties incurred until that time up to a maximum of €1,500 thousand. Any amounts claimed by the buyer in relation to these two amounts will be reduced by any recoveries attained by the buyer from legal proceedings against third parties that were ongoing at the time of the sale and date of these Consolidated Financial Statements. The Corporation is further subject to tax indemnities until December 2, 2019. In addition, the Corporation is subject to customary closing indemnities until December 2, 2019 to a maximum claim of €3,500 thousand.

The Corporation has closed the sale of the United States operating segment. Under the sales agreement, the Corporation is subject to tax indemnities with an expiry date in accordance with all applicable statutes of limitations with respect to the matters covered thereby. In addition, the Corporation was subject to customary closing indemnities until April 3, 2018 to a maximum claim of US$8,841 thousand. On March 30, 2018, the buyer of the United States operating segment submitted a claim for indemnifications of US$2,853 thousand relating to tax and working capital matters. MAXIM and its external legal counsel strongly disagree with indemnification claims of US$2,676 made by the buyer and MAXIM intends to vigorously defend itself and is confident it can demonstrate that the claims for this amount are without merit.

Costs in relation to these claims and potential claims are only recognized when they become probable and based on the information presently known, it is the view of the Corporation that no liability currently exists.

The actual outcome of these claims and potential claims, including the timing and amount of any cash outflow or the possibility of reimbursements, is not yet determinable.

(b) Contingent assets

Through its Decision 790-D06-2017 ("Decision"), the Alberta Utilities Commission ("AUC") asserted its position on several matters related to remedy under Module C of Milner Power Inc.'s complaint relating to the Alberta Electric System Operator (“AESO”) Line Loss Rule. The Decision confirms that the same method that was used to calculate 2017 prospective loss factor rates would be used for the retrospective period of January 1, 2006 – December 31, 2016. A single settlement approach will be used whereby it calculates all eleven years before cash is settled. The Decision further confirms that the settlement be effected by reissuing invoices to the original party and that a rider will be applied to transmission rates across the industry to collect any shortfall from the inability to collect from an original party. The Corporation estimates that overpayments of approximately $40,100 were made by Milner Power Inc. to the AESO for the period January 1, 2006 to December 31, 2016, based on calculations established by information currently available on the public record, before accounting for the time value of money. As at March 31, 2018, the precise amount and timing of compensation under Module C cannot be determined.

For the three months ended March 31, 2018 and 2017
(Amounts in thousands of Canadian dollars except as otherwise noted)

11. Change in non-cash working capital

	March 31, 2018	March 31, 2017
Operations		
Trade and other receivables	772	900
Prepaid expenses and deposits	56	82
Inventories	-	(16)
Trade and other payables	(1,397)	(718)
	(569)	248

	March 31, 2018	March 31, 2017
Investing		
Trade and other payables	869	350
	869	350

12. Segmented information

MAXIM is an independent power producer engaged in the development, ownership and operation of power generation facilities and the sale of electricity. The Corporation operated in one reportable segment with power generation facilities located in Canada. Results are reviewed regularly by the Corporation's interim CEO to make decisions about resources to be allocated to the segments and to assess their performance. The United States operating segment ceased to be a strategic segment in the second quarter of 2017, as a result of the sale of this business segment. The Corporation has modified the composition of the reportable segments.

Information regarding results of each reportable segment is included below. Performance is measured on income from operations, as included in the internal management reports that are reviewed by the Corporation's interim CEO. Income from operations is used to measure performance as management believes that such information is the most relevant in evaluating the results of the reportable segments.

March 31, 2018	Milner and development projects	Corporate amounts	Total consolidated
Revenues from external customers	-	-	-
Operating loss	(2,588)	(1,398)	(3,986)

March 31, 2017	Milner and development projects	Corporate amounts	Total consolidated	Discontinued operation from United States	Total consolidated
Revenues from external customers	1,979	-	1,979	14,246	16,225
Operating loss	(4,372)	(436)	(4,808)	1,387	(3,421)

13. Financial instruments, financial risk management and fair value

Effective January 1, 2018, the Corporation adopted IFRS 9, Financial Instruments. The following financial instruments are now measured at amortized cost: cash and cash equivalents, short-term investment, trade and other receivables and trade and other payables. The adoption of IFRS 9 resulted in no prior period restatements, reclassifications in the Statement of Financial Position and no impact to the Statements of Loss and Comprehensive Loss.

All financial instruments are measured at fair value upon initial recognition of the transaction. Measurement in subsequent periods is dependent on whether the instrument is classified as amortized cost or fair value through profit or loss.

The Corporation derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or it transfers the right to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Under IFRS 9, the Corporation is required to review impairment of its trade and other receivables at each reporting period and to review its loss allowance for expected future credit losses. The Corporation completes a detailed review of its historical credit losses as part of its impairment assessment. The Corporation's trade and other receivables are predominantly with entities formed by governments for the purpose of facilitating commerce in the power and utility sector with no history of credit losses. As such, there is no indication of losses and no impairment losses recorded.

The fair value measurement of a financial instrument or derivative contract is included in one of three levels as follows:

- Level I: unadjusted quoted prices in active markets for identical assets or liabilities
- Level II: inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly
- Level III: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Corporation's financial assets and financial liabilities that are not risk management contracts are all classified as Level I under the fair value hierarchy as they are based on unadjusted quoted prices in active markets for identical instruments.

(a) Commodity risk management swaps and options

The fair value of the commodity swaps are classified as Level II under the fair value hierarchy as the fair values are based on observable market data. The Corporation determined the fair value of the swaps by applying the market approach using market settled forward prices as reported by the Natural Gas Exchange for forward contracts of comparable term at the reporting date. For the three months ended March 31, 2018, the unrealized gain on commodity price swaps was $nil (March 31, 2017 - $58). For the three months ended March 31, 2018, the realized gain on commodity risk management swaps and option was $nil (March 31, 2017 - $1,353 gain on swap and $378 loss on option). At March 31, 2018, the Corporation had no outstanding commodity swaps or options.

13. Financial instruments, financial risk management and fair value (continued)

(b) Foreign exchange risk management swap and options

The Corporation, in the discontinued United States operating segment, was exposed to foreign currency exchange risk from the divestment of the operating segment where proceeds are denominated in currencies other than the functional currency of the Corporation. The Corporation managed this exposure by entering into a foreign currency swap and purchasing put options, for a portion of the proceeds. The fair value of the foreign currency swap and put options are classified as Level II under the fair value hierarchy as the fair values are based on observable market data.

For the three months ended March 31, 2018, the unrealized gain was $nil (March 31, 2017 - $242), recognized in discontinued operation, on the US$78,000 thousand swap to lock-in a portion of the sales proceeds of the United States operating segment.

For the three months ended March 31, 2018, the Corporation realized a net loss of $nil (March 31, 2017 - $1,092) upon the expiry of two put options expiring March 24, 2017, consisting of the amortization of premiums paid of $1,378, partially offset by proceeds on exercise of $286. These amounts have been recognized in discontinued operation.

At March 31, 2018, the Corporation had no outstanding foreign exchange risk management swaps and options.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated May 7, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Maxim Power Corp. ("MAXIM" or the "Corporation") for the three months ended March 31, 2018. The MD&A should also be read in conjunction with the audited consolidated financial statements and MD&A for the year ended December 31, 2017. MAXIM prepares its unaudited condensed consolidated interim financial statements in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting, under International Financial Reporting Standards ("IFRS"), as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants ("GAAP").

Capitalized and abbreviated terms that are used but not otherwise defined herein are defined in the Glossary of Terms. Throughout this MD&A, dollar amounts within tables are in thousands of Canadian dollars unless otherwise noted.

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FORWARD-LOOKING INFORMATION

Certain information in this MD&A is forward-looking information ("FLI") and is subject to important risks and uncertainties. The results or events predicted in this information may differ from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Corporation to implement its strategic initiatives, the availability and price of energy commodities, government and regulatory decisions, power 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 as at the date of this MD&A:

- MAXIM has been monitoring both settled and forward power and gas prices with a view of resuming operations at the HR Milner generating facility ("Milner") in 2018. Alberta forward power prices have improved since the start of 2018 and MAXIM currently intends to restart Milner mid-2018, however MAXIM will continue to monitor both settled and forward power and gas prices to ensure resuming operations at Milner in the middle of 2018 remains economically feasible. To this end, MAXIM has recalled certain staff and is completing outage work at Milner in preparation for the restart.
- Development projects, including Deerland Peaking Station ("Deerland"), Buffalo Atlee, Milner gas repowering ("MGR"), Milner gas expansion ("MGE") and Summit Coal ("SUMMIT") 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 forecasts that cash flows for operating, general and administrative expenses will be funded by its existing cash on hand. Management forecasts that cash flows for development capital will be funded by both its existing cash on hand and future anticipated financing.
- MAXIM estimates total development capital expenditures in the range of $3.1 million to $3.5 million to be incurred in 2018. The majority of these expenditures are to be spent on improvements to Milner for reliability and the possible return to services in the middle of 2018. The increase from the previously disclosed range of $2.8 million to $3.3 million primarily relates to found work for Milner's turbine overhaul. These costs are based upon estimates and may differ from the actual costs to complete or revisions in the program scope.
- In determining potential development sites, management estimates future capacity payments and power prices in Alberta. The actual future capacity and power prices in these areas may be different from expected.
- MAXIM anticipates all necessary provincial and federal regulations for environmental and climate change legislation will be met. Changes to environmental legislation and operational issues may affect the ability of MAXIM to comply with regulations.
- MAXIM anticipates that it will maintain a working capital surplus over the next twelve months.

OVERALL PERFORMANCE

Highlights and Notable Events

MAXIM has been monitoring both settled and forward power and gas prices with a view of resuming operations at Milner in 2018. Alberta forward power prices have improved since the start of 2018 and MAXIM currently intends to restart Milner mid-2018. To this end, MAXIM has recalled certain staff and is completing outage work at Milner in preparation for the restart.

During 2018, MAXIM reduced the headcount at its corporate head office by 28%, primarily as a result of the cost cutting initiatives.

Key Performance Indicators ("KPI")

Three months ended March 31 ($000's, unless otherwise noted)	2018	2017
Revenue		
Continuing operations	-	1,979
Discontinued operations	-	14,246
Total	-	16,225
Net income (loss) attributable to shareholders		
Continuing operations	(3,539)	(4,511)
Discontinued operations	-	926
Total	(3,539)	(3,585)
Basic and diluted net income (loss) per share attributable to shareholders ($ per share)		
Continuing operations	(0.06)	(0.08)
Discontinued operations	-	0.01
Total	(0.06)	(0.07)
Total assets	168,237	213,211

For comparative purposes, the Corporation continues to separately illustrate the impact of discontinued operation of the United States from continuing operations on its current KPI's.

Financial Results

The financial results of the Canada segment are presented as continuing operations and the financial results of the U.S. operating segment are presented as discontinued operation to illustrate the impact to the Corporation of the sale of the foreign segment. Refer to Discontinued Operation section on page 7 for information on the financial results of discontinued operation.

Net loss attributable to shareholders from continuing operations decreased in the first quarter of 2018 when compared to 2017. The change in this financial measure was primarily due to operating cost savings from cost cutting initiatives and the temporary suspension of operations at Milner. This was partially offset by realized gains on commodity risk management activities in the first quarter of 2017.

RESULTS OF CONTINUING OPERATIONS

Revenue

Three months ended March 31 ($000's)	2018	2017
Revenue (1)	-	1,979

(1) All revenues from continuing operations are electricity sales at spot prices.

Revenue in the first quarter of 2018 decreased from $2.0 million in 2017 to $nil in 2018, as a result of the temporary suspension of operations at Milner.

Plant Operations

Summary of plant operations expense by type:

Three months ended March 31 ($000's)	2018			2017		
	Fuel	O&M	Total	Fuel	O&M	Total
Total	-	1,289	1,289	1,382	4,304	5,686
Percent	0%	100%	100%	24%	76%	100%

During the first quarter of 2018, operations and maintenance ("O&M") expenses decreased $3.0 million or 70%, from $4.3 million in 2017 to $1.3 million in 2018, primarily as a result of operating cost savings from cost cutting initiatives and the temporary suspension of operations at Milner.

Fuel expenses in the first quarter of 2018 decreased from $1.4 million in 2017 to $nil in 2018, as a result of the temporary suspension of operations at Milner.

General and Administrative Expense

Three months ended March 31 ($000's)	2018	2017
Total general and administrative expense	1,199	541

General and administration expense in the first quarter of 2018 increased $0.7 million, from $0.5 million in 2017 to $1.2 million in 2018, primarily due to no administrative costs allocated to the U.S. operating segment in the first quarter of 2018 as a result of the sale of this operating segment. This was partially offset by lower personnel costs at the corporate office as a result of headcount reductions.

Depreciation and Amortization Expense

Three months ended March 31 ($000's)	2018	2017
Total depreciation and amortization expense	1,300	1,589

Depreciation and amortization expense in the first quarter of 2018 decreased $0.3 million or 19%, from $1.6 million in 2017 to $1.3 million in 2018, primarily due to the consumption and amortization of nitrogen oxide credits and sulphur dioxide credits in the first quarter of 2017 when Milner was generating electricity, as well as a lower asset base for Milner in 2018.

Gain on Commodity Risk Management Swaps and Option

In the first quarter of 2017, MAXIM recorded a net $1.0 million gain on Alberta power price risk management swaps and options. Alberta spot prices settled lower than the fixed swap price for the first quarter of 2017 and the Corporation recognized a gain of $1.4 million. In the first quarter of 2017, a call option expired out of the money and the cost of the option was realized for a loss of $0.4 million. At March 31, 2018, the Corporation had no outstanding commodity swaps or options.

Other expense (income), Net

Three months ended March 31 ($000's)	2018	2017
Other expense (income), net	198	(54)

Net other expense in the first quarter of 2018 increased from income of $0.1 million in 2017 to expense of $0.2 million in 2018. The increase is primarily due to costs incurred in 2018 to restructure the Corporation's Alberta operations.

Finance Income, Net

Three months ended March 31 ($000's)	2018	2017
Interest expense	36	152
Accretion of provisions	24	20
Foreign exchange gain	(7)	(475)
Finance expense (income)	53	(303)
Interest income	(500)	-
Total finance income, net	(447)	(303)

Net finance income in the first quarter of 2018 increased from $0.3 million in 2017 to $0.4 million in 2018. The increase is primarily due to interest income earned on cash and cash equivalents, short-term investment and restricted cash in 2018. In addition, $nil foreign exchange gains were recognized in 2018 compared to $0.5 million in 2017, which is caused primarily by the net impact of foreign exchange rate movement for US dollars on cash balances.

Income Tax Expense

Three months ended March 31 ($000's)	2018	2017
Current tax expense	-	6
Total income tax expense	-	6

Income tax expense in the first quarter of 2018 was $nil, which is comparable to the same period in 2017.

Financial Position

The following highlights the changes in the Corporation's unaudited condensed consolidated interim Statement of Financial Position at March 31, 2018 as compared to December 31, 2017.

As at ($000's)	March 31, 2018	December 31, 2017	Increase (Decrease)	Primary factors explaining change
Assets				
Cash and cash equivalents and short-term investment	98,640	101,402	(2,762)	Operating cash outflows
Trade and other receivables	1,397	2,169	(772)	Collection of receivables from 2017 related to the funding for the remediation of certain lands at the Milner site
Property, plant and equipment, net	50,899	47,574	3,325	Change in estimated decommission costs at Milner and capital additions, partially offset by depreciation
Net other assets, net	13,933	14,977	(1,044)	Receipt of funding for the continuation of the partial remediation of certain lands at the Milner site
Liabilities & Equity				
Trade and other payables	5,900	6,393	(493)	Lower payables related to the partial remediation of certain lands at the Milner site
Provisions for decommissioning	13,711	11,055	2,656	Change in estimated decommission costs at Milner, partially offset by continued remediation at the Milner site
Equity	145,258	148,674	(3,416)	Primarily due to a net loss for the period

DISCONTINUED OPERATION

The following table represents the discontinued net income for the U.S. operating segment combined in Canadian dollars:

Three months ended ($000's)	March 31, 2017
Revenue	14,246
Expense	12,859
Operating income	1,387
Finance expense, net	460
Income before income taxes	927
Income tax benefit	(3)
Net income from discontinued operation	930

Three months ended ($000's)	March 31, 2017
Cash flows from (used) in discontinued operation	
Cash flow generated from operations	100
Cash flow used in financing	(843)
Cash flow used in investing	(310)
Unrealized foreign exchange loss on cash	(39)
Net cash flows for the period	(1,092)

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management has determined that cash flows for operating, general and administrative expenses and capital and development expenditures will be funded by MAXIM's existing cash on hand. Cash flows for development capital will be funded by both its existing cash on hand and, if available, future anticipated financing based upon current forecasts.

The Corporation has a credit agreement with the Bank of Montreal for a demand facility that requires full cash collateralization for $8.0 million of letters of credit on a non-revolving basis. As at March 31, 2018, the Corporation has $7.9 million of outstanding letters of credit outstanding and cash of the same amount was deposited into a restricted bank account maintained by the bank. There are no financial covenants under this credit agreement.

At March 31, 2018, the Corporation had unrestricted cash of $23.2 million and short-term investment of $75.4 million included in the net working capital surplus of $94.2 million. Unrestricted cash balances are invested with one Canadian chartered bank yielding the bank’s prime rate less 168 basis points and are available on demand. Short-term investment balance is invested with a Canadian financial institution yielding the bank's prime rate less 120 basis points and is available with ninety days' notice. The Corporation has ample working capital to support pre-construction development project activities, maintain liquidity and support current operations. This preceding statement represents FLI and users are cautioned that actual results may vary.

Cash flow summary:

Three months ended March 31 ($000's)	2018	2017
Cash on hand, unrestricted, January 1	51,264	15,303
Cash flow used in operations	(3,132)	(2,538)
Cash flow used in financing	(36)	(92)
Available for investments	48,096	12,673
Cash flow generated from (used in) investing	(24,885)	68
	23,211	12,741
Cash and cash equivalents held at discontinued operation beginning of period	-	3,535
Net decrease in cash from discontinued operation	-	(1,092)
Less: Cash and cash equivalents held at discontinued operation, end of period	-	(2,443)
Undrawn revolving credit facility	-	941
Net liquidity available, March 31	23,211	13,682

Cash flow used in operations in the first quarter of 2018 increased from an outflow of $2.5 million in 2017 to $3.1 million in 2018, which is an increase of $0.6 million. The increase in outflow is primarily due to fluctuations in working capital which represented a cash outflow of $0.6 million in 2018, as compared to an inflow of $0.2 million in 2017. See below for further discussion of working capital. Excluding working capital, cash flow used in operations in the first quarter of 2018 decreased from an outflow of $2.8 million in 2017 to $2.6 million in 2018, which is decrease of $0.2 million. The decrease in outflow is primarily due to operating cost savings from cost cutting initiatives at the Corporate head office and the temporary suspension of operations at Milner. This was partially offset by higher costs associated with the restructuring of Alberta operations.

MAXIM's cash flow from financing was $nil in the first quarter of 2018, which is comparable to the same period in 2017.

MAXIM's investing activities in 2018 represented a cash outflow of $24.9 million, which primarily consisted of a $25.0 million contribution to short-term investment and $1.0 million of sustaining M1 and development initiatives capital in Canada. These amounts were partially offset by a change in non-cash working capital of $0.9 million and interest income of $0.2 million not reinvested into short-term investment.

MAXIM's investing activities in the first quarter of 2017 represented a cash inflow of $0.1 million, which primarily consisted of a change in non-cash working capital of $0.4 million, partially offset by $0.3 million of development initiatives capital in Canada.

Working Capital

The Corporation has a working capital surplus of $94.2 million at March 31, 2018, which represents a $3.1 million decrease from the working capital surplus of $97.3 million at December 31, 2017. The total decrease was due to a $3.6 million decrease in current assets and a $0.5 million decrease in current liabilities.

The decrease in current assets was due to a $28.1 million decrease to unrestricted cash and a $0.8 million decrease in accounts receivable, partially offset by a $25.3 million increase to short-term investment.

The decrease in current liabilities was due to a $0.5 million decrease in accounts payable.

MAXIM anticipates that it will continue to have a working capital surplus for the next twelve months. This preceding statement represents FLI and users are cautioned that actual results may vary.

Contractual Obligations

In the normal course of operations, MAXIM assumes various contractual obligations and commitments. MAXIM considers these obligations and commitments in its assessment of liquidity. In addition to this, in the first quarter of 2018 MAXIM entered in various O&M and capital contracts to supply services and equipment for Milner. These contracts expire in 2018 with commitments totaling $1.4 million for capital (included in the Capital Resources section on page 10) and $0.2 million for O&M contracts.

Contingencies

Contingent liabilities

The Corporation operates in a regulatory and commercial environment that exposes it to regulatory, contractual and litigation risks. As a result, the Corporation is involved in certain disputes and legal proceedings, including litigation, arbitration, and regulatory investigations. Such cases are subject to many uncertainties, and the outcomes are often difficult to predict, including the impact on operations or on the financial statements, particularly in the earlier stages of a case. In certain circumstances, to avoid the expense and distraction of legal proceedings, the Corporation may, based on a cost-benefit analysis, enter into a settlement even though denying any wrongdoing. The Corporation makes provisions for cases brought against it when, in the opinion of management after seeking legal advice, it is probable that a liability exists, and the amount can be reliably estimated.

The Corporation has closed the sale of the France operating segment. Under the agreement, the Corporation continues to be subject to the claims received for €1.7 million in additional costs from suppliers in France. Costs in relation to these claims and potential claims are only recognized when they become probable and based on the information presently known, it is the view of the Corporation that these claims and potential claims are without merit. Further under the agreement, the Corporation is subject to performance criteria of certain generating units in the France operating segment until October 31, 2017. The Corporation is responsible to reimburse the buyer of the France operating segment for penalties incurred until that time up to a maximum of €1.5 million. Any amounts claimed by the buyer in relation to these two amounts will be reduced by any recoveries attained by the buyer from legal proceedings against third parties that were ongoing at the time of the sale and date of this MD&A. The Corporation is further subject to tax indemnities until December 2, 2019. In addition, the Corporation is subject to customary closing indemnities until December 2, 2019 to a maximum claim of €3.5 million.

The Corporation has closed the sale of the United States operating segment. Under the sales agreement, the Corporation is subject to tax indemnities with an expiry date in accordance with all applicable statutes of limitations with respect to the matters covered thereby. In addition, the Corporation was subject to customary closing indemnities until April 3, 2018 to a maximum claim of US$8.8 million. On March 30, 2018, the buyer of the United States operating segment submitted a claim for indemnification of US$2.9 million relating to tax and working capital matters. MAXIM and its external legal counsel strongly disagree with indemnification claims of US$2.7 million made by the buyer and MAXIM intends to vigorously defend itself and is confident it can demonstrate that the claims for this amount are without merit. Costs in relation to these claims and potential claims are only recognized when they become probable and based on the information presently known, it is the view of the Corporation that no liability currently exists.

The actual outcome of these claims and potential claims, including the timing and amount of any cash outflow or the possibility of reimbursements, is not yet determinable.

Contingent assets

Through its Decision 790-D06-2017 ("Decision"), released December 18, 2017, the Alberta Utilities Commission ("AUC") asserted its position on several matters related to remedy under Module C of Milner Power Inc.'s complaint relating to the Alberta Electric System Operator ("AESO") Line Loss Rule. The Decision confirms that the new method that was used to calculate 2017 prospective loss factor rates would be used for the retrospective period of January 1, 2006 – December 31, 2016. A single settlement approach will be used whereby the AESO will calculate all eleven years before cash is settled. The Decision further confirms that the settlement be effected by reissuing invoices to the original party and that a rider will be applied to transmission rates across the industry to collect any shortfall from the inability to collect from an original party. The Corporation estimates that overpayments of approximately $40.1 million were made by Milner Power Inc. to the AESO for the period January 1, 2006 to December 31, 2016, based on calculations established using information currently available on the public record, before accounting for the time value of money. The Corporation anticipates, based on AESO’s current published timelines, that collection of these prior overpayments and the time value of money component at the Bank of Canada Bank Rate +1.5% will occur in 2019. This timing is subject to appeals by various industry participants. These preceding statements represent FLI and users are cautioned that actual results may vary.

Capital Resources

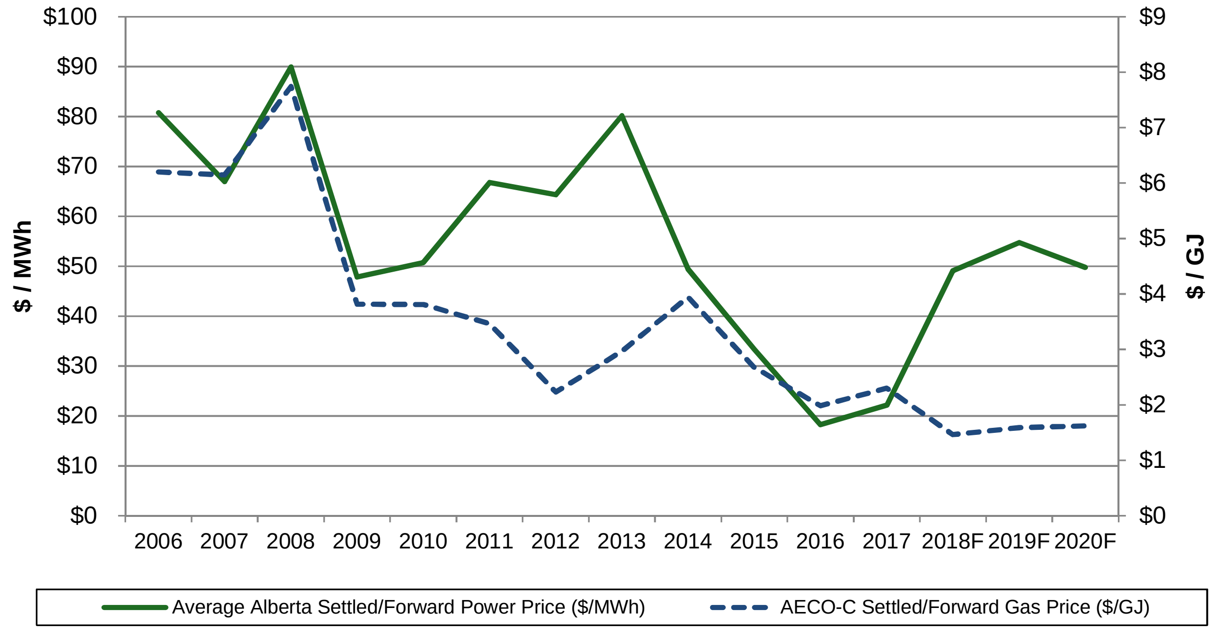
The following represents FLI and users are cautioned that actual results may vary. The Corporation is currently estimating capital and development expenditures in the range of $3.1 to $3.5 million for 2018 primarily for improvements to Milner for reliability and the possible return to services in the middle of 2018. Management intends to fund these expenditures with existing cash balances.

OUTLOOK

Alberta Power Price

The Corporation’s outlook is impacted by Alberta electricity and fuel prices. Alberta electricity prices are a key revenue determinant for Milner. As a result of record low Alberta power prices, which have undermined profitability for a prolonged period, Milner has not generated electricity since April 2017.

Alberta power prices fluctuate based on the supply of, and demand for electricity within Alberta, the cost of key inputs such as natural gas, and other market factors. The chart on the next page compares the average annual Alberta power price to Alberta natural gas price since 2006. The break in correlation is the result of tighter generation capacity relative to demand beginning in 2011, which led to higher power prices from 2011 to 2013. Commencing in 2014, it was noted that Alberta power prices became more closely correlated to gas prices as new supply came on the system. This trend is expected to change in the second quarter of 2018 and management expects to see both a change in offer strategy as a result of dispatch control of four units returning to an independent power producer from the Balancing Pool and a break in correlation as a portion of the coal generation in Alberta will have significant periods of unforced outages due to coal to gas conversion work. As a result, these factors may increase Alberta power prices. It is also expected that natural gas prices will decrease as a result of oversupply which will contribute further to the break in correlation. Management will continue to monitor both settled and forward power and gas prices to ensure resuming operations at Milner in the middle of 2018 remains economically feasible.



Capacity Market Transition

On November 23, 2016 the Government of Alberta ("GoA") announced its plan to transition Alberta's energy-only market to a capacity market structure. The capacity market will help to ensure that there is sufficient supply as over 6,000 MW of coal generation retires by 2030, while still maintaining an electricity market component of the new market structure. The new market structure is expected to reduce price volatility while compensating power plant owners with monthly capacity payments for making their capacity, in addition to compensating power plant owners for production in the electricity market. The AESO continues to engage stakeholders in the design of the market and expects to have a final comprehensive market design in July 2018. The first auction is expected to begin in December 2019 with a contract delivery year targeted of November 2021.

ACQUISITION AND DEVELOPMENT INITIATIVES

The Corporation maintains optionality for all of the development initiatives in order to maximize shareholder value including outright sale, joint venture, build and operate or pace development process to hold as future opportunity. MAXIM has not made any definitive commitments to the timing or certainty of advancing development of these projects. MAXIM is continually evaluating its plans for these projects as clarity develops for the transition from the current "energy-only market" to a "capacity market" in Alberta. The AESO is leading the formulation of recommendations for the design of the capacity market considering input from various stakeholder groups. The AESO intends to release four versions of the comprehensive market design throughout the first half of 2018 and anticipates that the final design of the capacity market will be released in July 2018. This timing will permit the AESO to adhere with its existing plan to have the first capacity market auction begin December 2019 for capacity requirement deliveries in November 2021.

Financing

MAXIM requires capital (debt and equity), from internal or external sources, to finance construction of development initiatives and for larger acquisitions. 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 ("PP&E"). Capitalization of costs associated with these projects commences once technical and economic feasibility is established. If a project no longer meets these criteria, any capitalized costs for the project are expensed in the period.

ENVIRONMENTAL AND CLIMATE CHANGE LEGISLATION

Risks

MAXIM is exposed to risks in potential legislation that have yet to be enacted. Management has assessed that the most significant risks in potential future legislation are: i) Green House Gas ("GHG") stringency requirements on new natural gas-fired generation facilities, ii) GHG stringency requirements on existing natural gas-fired generation components and facilities or coal-to-gas conversions, and more remotely, iii) legislation that phases out natural gas-fired generation entirely, similar to the regulatory actions taken in recent years surrounding coal-fired generation.

Provincial and Federal Legislation

In 2015, the GoA announced its Climate Leadership Plan ("CLP"). The CLP recommends that Alberta move forward on phasing out coal-fired electricity generation by 2030 and encourages more renewable energy. Under the CLP and in December 2017, the GoA replaced the existing Specified Gas Emitters Regulation with the Carbon Competitiveness Incentive Regulation ("CCIR") which came into effect on January 1, 2018. The CCIR requires electricity generators to pay $30 per tonne of carbon dioxide on emissions above what Alberta's cleanest natural gas-fired plant would emit to generate the same amount of electricity. In 2016, the Government of Canada announced a pan-Canadian carbon pricing system that would implement a minimum charge of $10 per tonne of GHG emissions in 2018, rising by $10 each year to $50 per tonne by 2022. It is expected that this would not impact Albertans until 2021 when the existing $30 price on GHG emissions would increase by $10 to $40 in order to meet the federal framework. The impact of increased regulations and taxes, both federally and provincially, makes it more difficult to resume economic operations at Milner as a coal-fired facility and the Corporation continues to evaluate and consider new and innovative alternatives to various functions at Milner in order to adapt to changing environmental regulations and laws.

In 2012, the Government of Canada enacted regulations to reduce carbon dioxide emissions from coal-fired generation facilities. These new regulations dictate that power plants built before 1975 are able to operate at full capacity until the earlier of 50 years after the commissioning date and December 31, 2019. Moreover, power plants built after 1974 are able to operate until the earlier of 50 years after the commissioning date and December 31, 2029. The Milner facility was commissioned in 1972, and accordingly, is allowed to operate to its full capacity to December 31, 2019 (“end of life”). After December 31, 2019, Milner is allowed to operate at an annual capacity factor of up to 9% (using coal as a fuel supply), which is approximately 113,500 MWh per annum, until December 31, 2029, based on its current carbon dioxide emission levels. In February 2018, the Government of Canada issued draft regulations in relation to natural gas-fired units, and more specifically, in relation to coal-to-gas conversions. In the draft regulations, any generation facility that previously used a boiler in conjunction with coal-fired generation that continues to generate electricity without coal as a fuel source, and instead uses natural gas as a fuel source, will be deemed to be a coal-to-gas conversion and will be subject to CO2 emissions stringency requirements prospectively commencing at the unit’s end of life as defined in the current federal coal regulations.

As at the date of this MD&A, MAXIM currently anticipates that it will continue to be permitted to run Milner at full capacity to December 31, 2019 as a dual fuel-fired (coal and natural gas) facility and at a 9% capacity factor for the subsequent 10 years subject to utilizing coal for a portion of the fuel source each year. Alternatively, MAXIM currently anticipates that if Milner does not use coal as a fuel source, it would not comply with the draft regulations for coal to gas conversions and as such could not operate on natural gas as a fuel source beyond 2019. Management is currently assessing the economic feasibility of operating Milner as a dual fuel-fired facility at a 9% capacity factor beyond 2019 in conjunction with proceeding with one of its development projects.

Renewable Electricity Program

In 2016 the GoA announced its plan to hold its first auction for renewable power contracts in 2017 as the government moves on its strategy of having thirty percent of the province's electrical supply coming from renewable sources such as wind, solar and hydro by 2030. The province commenced its first competition in the first quarter of 2017, which saw investors bidding to provide up to 400 MW of renewable electricity for twenty years. The winning bidders were announced on December 13, 2017, with 600 MW of wind generation projects awarded, which is 200 MW greater than what was originally planned.

On February 5, 2018, the GoA announced its plan to continue building off the momentum of the first auction for renewable power contracts, and confirmed that two additional auctions will run in parallel for an incremental 700 MW. The second auction is for 300 MW and will include an Indigenous equity ownership requirement, while the third auction is for 400 MW and will follow the same format as the first auction. Requests for qualification and proposals are due in June and September 2018, respectively, followed by the winning bidders announced in December 2018.

SELECTED QUARTERLY FINANCIAL INFORMATION

KPI's

Quarter ended: (unaudited) ($000's unless otherwise noted)	31-Mar 2018	31-Dec 2017	30-Sep 2017	30-Jun 2017
Revenue				
Continuing operations	-	-	-	45
Discontinued operation	-	-	-	-
Total	-	-	-	45
Net income (loss) attributable to shareholders				
Continuing operations	(3,539)	(12,454)	(3,281)	(10,479)
Discontinued operation	-	-	(2,156)	50,431
Total	(3,539)	(12,454)	(5,437)	39,952
Basic and diluted income (loss) per share attributable to shareholders ($ per share)				
Continuing operations	(0.06)	(0.23)	(0.06)	(0.19)
Discontinued operation	-	-	(0.04)	0.92
Total	(0.06)	(0.23)	(0.10)	0.73
Total assets	168,237	169,490	181,236	191,921

Quarter ended: (unaudited) ($000's unless otherwise noted)	31-Mar 2017	31-Dec 2016	30-Sep 2016	30-Jun 2016
Revenue				
Continuing operations	1,979	2,840	1,581	180
Discontinued operations	14,246	18,309	21,997	11,433
Total	16,225	21,149	23,578	11,613
Net income (loss) attributable to shareholders				
Continuing operations	(4,511)	(9,721)	(3,334)	(6,825)
Discontinued operations	926	(7,690)	(16,698)	(1,523)
Total	(3,585)	(17,411)	(20,032)	(8,348)
Basic and diluted income (loss) per share attributable to shareholders ($ per share)				
Continuing operations	(0.08)	(0.18)	(0.06)	(0.12)
Discontinued operations	0.01	(0.14)	(0.31)	(0.03)
Total	(0.07)	(0.32)	(0.37)	(0.15)
Total assets	213,211	218,183	295,286	310,674

Net income (loss) attributable to shareholders is affected by certain non-cash and non-recurring transactions as follows.

The first quarter of 2018 had $nil impact to net loss attributable to shareholders from certain non-cash and non-recurring transactions.

The fourth quarter of 2017 had asset impairment charges totaling $7.4 million relating to PP&E. The third quarter of 2017 had a $2.2 million working capital adjustment reducing the gain on sale of the U.S. operating segment. The second quarter of 2017 had a $33.8 million gain on sale of the U.S. operating segment, a $8.3 million impairment to PP&E and intangible assets and a $4.3 million recovery of claims. The first quarter of 2017 had a $0.3 million unrealized gain on foreign exchange and commodity swaps.

The fourth quarter of 2016 had a $1.9 million write-down of coal inventory, a $1.8 million unrealized loss on commodity swaps, a $1.8 million loss on sale of the France operating segment and a net reversal of asset impairment charges relating to Canada for $2.8 million. The third quarter of 2016 had a $15.6 million impairment charge, net of deferred tax benefit, relating to the France operating segment, a $10.5 million charge related to the Federal Energy Regulatory Commission settlement, $1.7 million loss on disposal of coal mining equipment, a $2.8 million insurance recovery and a $1.5 million unrealized gain on commodity swaps. The second quarter of 2016 had a $1.9 million write-down of coal inventory, $0.7 million expense for costs relating to the restructuring of Alberta operations, a $0.4 million loss on disposal of spare engines and a $0.2 million unrealized gain on commodity swaps.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The use of judgements and estimates used in the preparation of the condensed consolidated interim financial statements has been applied consistently for all periods presented and are unchanged from the judgements and estimates disclosed in the notes to the consolidated financial statements for the year ended December 31, 2017, with the exception of the following. During the first quarter of 2018, the Corporation continued remediation of certain lands at the Milner site, and as a result management updated the cost estimate to decommission Milner. The updated cost estimates resulted in an increase to decommissioning costs estimate as it reflects current information. The effect of these changes has been disclosed in note 7 of the March 31, 2018 notes to the unaudited condensed consolidated interim financial statements.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS Adoption of New Standards and Amendments

On January 1, 2018, the Corporation adopted Financial Instruments (IFRS 9) and Revenue from Contracts with Customers (IFRS 15), as well as the amendments to Investments in Associates and Joint Ventures (IAS 28), Transfers of Investment Property (IAS 40), Share-Based Payments (IFRS 2) and Insurance Contracts (IFRS 4). With the exception of IFRS 9 described below, the adoption of these new standards and amendments had no impact to the amounts recorded or related disclosures in the Corporation's consolidated financial statements as of January 1, 2018 or comparative periods.

The adoption of IFRS 9 is effective for annual periods on or after January 1, 2018 and is applied retrospectively, including the classification and measurement of financial assets and liabilities and the expected loss impairment model. The adoption of IFRS 9 resulted in no prior period restatements, reclassifications in the Statement of Financial Position and no impact to the Statement of Loss and Comprehensive Loss. The standard now includes three categories for financial assets, as compared to five categories under IAS 39. IFRS 9 removes the loans and receivables and held for trading categories previously included under IAS 39 and retains amortized cost, fair value through profit or loss and fair value through other comprehensive income categories. For financial liabilities, most of the requirements from IAS 39 were included in IFRS 9 and did not impact the Corporation’s financial liabilities. Additionally, IFRS 9 also includes a greater emphasis on the Corporation’s credit risk and how the Corporation’s credit losses are determined. The following table summarizes the Corporation’s financial asset and liability classifications:

	IAS 39		IFRS 9	
Financial instrument	**Classification**	**Measurement**	**Classification**	**Measurement**
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortized cost	Amortized cost	Amortized cost
Short-term investment	Loans and receivables	Amortized cost	Amortized cost	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost	Amortized cost	Amortized cost
Milner decommissioning reimbursement	Fair value through profit or loss	Fair value	Fair value through profit or loss	Fair value
Financial liabilities				
Trade and other payables	Other financial liabilities	Amortized cost	Amortized cost	Amortized cost

Refer to note 13 of the Corporation's Unaudited Condensed Consolidated Interim Financial Statements for a further description of the Corporation's financial instruments and credit risk.

IFRS Standards Issued Not Yet Effective

The International Accounting Standards Board ("IASB") has issued the following new standards to March 7, 2018. These standards have not been applied in preparing MAXIM's first quarter 2018 condensed consolidated interim financial statements as the effective date falls in a subsequent period.

There are no other standards that have been issued, but are not yet effective, that the Corporation anticipates will have a material effect on the consolidated financial statements once adopted.

Leases

Leases (IFRS 16), was issued in January 2016 and will replace the current Leases standard (IAS 17). IFRS 16 brings all leases on-balance sheet for lessees under a single model, with limited exemptions, eliminating the distinction between operating and finance leases. Lessor accounting remains substantially unchanged and the distinction between operating and finance leases is retained.

The new standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for companies that also apply IFRS 15 Revenue from Contracts with Customers. Management is currently assessing the impact of the application of this standard, but does not anticipate that there will be a significant impact as the Corporation currently only utilizes operating leases for office space and fixtures therein. The Corporation does not anticipate that it will early adopt this new standard.

IFRS amendments

The IASB has issued the following amendments to May 7, 2018. These amendments have not been applied in preparing MAXIM's first quarter condensed consolidated interim financial statements as the effective date falls in a subsequent period.

Standard amended	Issued Date	Effective Date (1)	Impact on MAXIM
IAS 12 Income Taxes	December 2017	January 1, 2019	Not applicable to MAXIM
IAS 19 Employee Benefits	February 2018	January 1, 2019	Not applicable to MAXIM
IAS 23 Borrowing Costs	December 2017	January 1, 2019	Not applicable to MAXIM
IAS 28 Investments in Associates and Joint Ventures	October 2017	January 1, 2019	Not applicable to MAXIM
IFRS 3 Business Combinations	December 2017	January 1, 2019	Not applicable to MAXIM
IFRS 9 Financial Instruments	October 2017	January 1, 2019	Not applicable to MAXIM
IFRS 17 Insurance Contracts	May 2017	January 1, 2021	Not applicable to MAXIM
Conceptual Framework	March 2018	January 1, 2020	No impact to MAXIM

(1) Effective for annual periods beginning on or after effective date

The Corporation does not anticipate that it will early adopt these amendments.

TRANSACTIONS WITH RELATED PARTIES

The Corporation did not enter any related party transactions during the first three months of 2018, with the exception of transactions with the Corporation's Directors and members of the Executive Committee in the normal course of business. These transactions in the normal course of business are detailed in note 28 of the 2017 audited annual financial statements.

CONTROLS AND PROCEDURES

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

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

The interim CEO and CFO have evaluated, or caused to be evaluated under their supervision, the design and effectiveness of the Corporation's internal control over financial reporting and have previously identified material weaknesses in the design of the Corporation's internal control over financial reporting. These weaknesses have been remediated as of March 31, 2018; however, the weakness will continue to impact the Corporation's comparative financial information until the December 31, 2018 financial reporting period. At December 31, 2016, the Corporation, predominately in its discontinued France operating segment and as a result of the complexities surrounding the accounting and disclosures associated with the disposition of both the France and United States operating segments, did 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 remediated this weakness in second quarter of 2017 upon completion of disposals of both the France and United States operating segments and resulting simplification of operations.

The Corporation is required to disclose herein any change in the Corporation's internal control over financial reporting that occurred during the period beginning January 1, 2018 and ended on March 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Corporation’s internal control over financial reporting. No material changes in the Corporation's internal control over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

As a result, the Corporation's internal control over financial reporting is effective as of March 31, 2018.

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

OTHER INFORMATION

Outstanding share data:

Issued common shares at March 31, 2018	54,623,825
Outstanding share options at March 31, 2018	1,372,653
Total diluted common shares at March 31, 2018	**55,996,478**
Share options expired in April 2018	(118,935)
Share options granted in April 2018	118,935
Share options expired in May 2018	(80,000)
Total diluted common shares at May 7, 2018	**55,916,478**

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 listing includes definitions of certain terms used throughout this MD&A:

AESO	Alberta Electric System Operator
AUC	Alberta Utilities Commission
Buffalo Atlee	Buffalo Atlee is a development project up to 235 MW wind generation situated near Brooks, Alberta.
Capacity	The rated continuous load-carrying ability, expressed in megawatts, of generation equipment, with the exception of "capacity payments" and "capacity market" (throughout the MD&A references to capacity are stated in nameplate capacity)
CCIR	Carbon Competitiveness Incentive Regulation
CEO	Chief Executive Officer
CFO	Senior Vice President, Finance and Chief Financial Officer
CLP	Climate Leadership Plan
Coal Beneficiation Plant	A coal beneficiation plant is a facility that handles coal by washing it of impurities and prepares it for transportation to the end user or market.
Decision	Decision 790-D06-2017 issued by the AUC
Deerland	Deerland is a development project for a 190 MW natural gas-fired peaking station located near Bruderheim, Alberta
FLI	Forward-looking information
GAAP	IFRS, as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants
GHG	Greenhouse gas
GoA	Government of Alberta
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicators
Milner	HR Milner**,** a 150 MW (nameplate capacity) generating facility located near the town of Grande Cache, Alberta has been in continuous operation since 1972 and was acquired by MAXIM on March 31, 2005
M14	Mine 14 is a development project of Summit Coal and is located north of Grande Cache, Alberta
M16	Mine 16S is a development project of Summit Coal containing 1,792 hectares of coal leases and is located 30 kilometers northwest Mine 14 in the Smokey River Coalfield
MGE	Milner gas expansion initiative to develop a 520 MW natural gas-fired generating facility
MGR	Milner gas repowering initiative to increase generating capacity at Milner to 236 MW, comprised of two natural gas-fired turbines located next to Milner
MAXIM or the Corporation	Maxim Power Corp.
MD&A	Management's Discussion and Analysis
MW	Megawatt, a measure of electrical generating capacity that is equivalent to one million watts
MWh	Megawatt-hour, a measure of electricity consumption equivalent to the use of 1,000,000 watts of power over a period of one hour
PP&E	Property, plant and equipment
O&M	Operations and maintenance
SUMMIT	Summit Coal is a wholly-owned MAXIM subsidiary, which owns the Mine 14 and Mine 16S development projects
U.S. 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.