

Condensed Consolidated Interim Financial Statements of

MAXIM POWER CORP.

For the Three and Nine Months Ended September 30, 2017

(Unaudited)

MAXIM POWER CORP.

Unaudited Condensed Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	Note	September 30, 2017	December 31, 2016
ASSETS			
Cash and cash equivalents	14	104,426	15,303
Trade and other receivables		1,239	1,856
Prepaid expenses and deposits		285	272
Inventories		-	1,029
Risk management assets		-	1,480
Assets held for sale	4	-	120,236
Total current assets		105,950	140,176
Property, plant and equipment, net	6a	55,275	57,705
Intangible assets, net	6b	336	7,538
Restricted cash	14	7,910	-
Deferred tax assets		3,934	4,114
Other assets		7,831	8,650
Total non-current assets		75,286	78,007
TOTAL ASSETS		181,236	218,183
LIABILITIES			
Trade and other payables	5	5,740	9,428
Liabilities held for sale	4	-	32,364
Total current liabilities		5,740	41,792
Provisions for decommissioning		11,083	11,961
Other long-term liability	5	-	3,581
Deferred tax liabilities		3,368	3,368
Total non-current liabilities		14,451	18,910
TOTAL LIABILITIES		20,191	60,702
EQUITY			
Share capital		157,447	156,482
Contributed surplus		11,458	11,423
Accumulated other comprehensive income		-	28,172
Retained deficit		(7,860)	(38,790)
Equity attributable to shareholders		161,045	157,287
Non-controlling interest		-	194
TOTAL EQUITY		161,045	157,481
<i>Commitments and Contingencies</i>	10,11		
TOTAL LIABILITIES AND EQUITY		181,236	218,183

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

On behalf of the Board:

(Signed)

Director

(Signed)

Director

MAXIM POWER CORP.

Unaudited Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the three and nine months ended September 30
(in thousands of Canadian dollars)

	Note	Three months ended September 30		Nine months ended September 30	
		2017	2016	2017	2016
Revenue		-	1,581	2,024	3,644
Expenses					
Operating		1,527	5,368	9,641	23,155
General and administrative		1,429	625	3,958	2,278
Depreciation and amortization		940	1,712	3,781	3,422
Gain on commodity swaps	14	-	(5,126)	(975)	(5,357)
Asset impairment charges	6	-	-	8,344	-
Other (income) expense, net	7	(269)	1,667	(3,638)	2,036
Operating loss		(3,627)	(2,665)	(19,087)	(21,890)
Finance expense (income), net	8	(275)	663	(55)	(1,748)
Loss before income taxes		(3,352)	(3,328)	(19,032)	(20,142)
Income tax expense (benefit)					
Current		(71)	6	81	11
Deferred		-	-	(842)	-
		(71)	6	(761)	11
Net loss from continued operations		(3,281)	(3,334)	(18,271)	(20,153)
Discontinued operations					
Net income (loss) from discontinued operations (net of tax)	4	(2,156)	(16,697)	49,205	(16,138)
Net income (loss)		(5,437)	(20,031)	30,934	(36,291)
Other comprehensive income (loss), net of tax:					
Items that are or may be reclassified to net income:					
Reclassification to net income on disposal of discontinued foreign operation	4	-	-	(26,729)	-
Translation of discontinued foreign operations		-	3,000	(1,443)	(8,545)
Total comprehensive income (loss)		(5,437)	(17,031)	2,762	(44,836)
Net income (loss) attributable to:					
Non-controlling interest		-	1	4	98
Shareholders		(5,437)	(20,032)	30,930	(36,389)
Net income (loss) attributable to shareholders per share:					
Basic earnings	9	(0.10)	(0.37)	0.57	(0.67)
Diluted earnings	9	(0.10)	(0.37)	0.57	(0.67)
Net loss attributable to shareholders per share continued operations:					
Basic earnings	9	(0.06)	(0.06)	(0.34)	(0.37)
Diluted earnings	9	(0.06)	(0.06)	(0.34)	(0.37)
Comprehensive income (loss) attributable to:					
Non-controlling interest		-	21	2	78
Shareholders		(5,437)	(17,052)	2,760	(44,914)

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

MAXIM POWER CORP.

Unaudited Condensed Consolidated Statements of Changes in Equity

For the nine months ended September 30
(in thousands of Canadian dollars, except common share data)

	Common shares (thousands)	Share capital	Contributed surplus	Accumulated other comprehensive gain (loss)	Retained earnings (deficit)	Equity attributable to shareholders	Non- controlling interest	Total
Equity at December 31, 2016	54,301	156,482	11,423	28,172	(38,790)	157,287	194	157,481
Net income	-	-	-	-	30,930	30,930	4	30,934
Stock options exercised	314	965	(313)	-	-	652	-	652
Share-based compensation	-	-	348	-	-	348	-	348
Translation of foreign operations	-	-	-	(1,443)	-	(1,443)	(2)	(1,445)
Distributions to non-controlling interest	-	-	-	-	-	-	(31)	(31)
Disposal of foreign operation	-	-	-	(26,729)	-	(26,729)	(165)	(26,894)
Equity at September 30, 2017	54,615	157,447	11,458	-	(7,860)	161,045	-	161,045
Equity at December 31, 2015	54,219	156,248	10,686	34,138	15,010	216,082	705	216,787
Net income (loss)	-	-	-	-	(36,389)	(36,389)	98	(36,291)
Stock options exercised	82	234	(41)	-	-	193	-	193
Share-based compensation	-	-	682	-	-	682	-	682
Translation of foreign operations	-	-	-	(8,525)	-	(8,525)	(20)	(8,545)
Distributions to non-controlling interest	-	-	-	-	-	-	(74)	(74)
Equity at September 30, 2016	54,301	156,482	11,327	25,613	(21,379)	172,043	709	172,752

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

MAXIM POWER CORP.

Unaudited Condensed Consolidated Statements of Cash Flows

For the nine months ended September 30
(in thousands of Canadian dollars)

	Note	2017	2016
Cash flows from operating activities:			
Net loss from continued operations		(18,271)	(20,153)
Adjustments for items not involving cash or operations:			
Depreciation and amortization		3,781	3,422
Asset impairment charges	6	8,344	-
Inventories write-down		-	6,661
Share-based compensation		348	682
Unrealized gain on commodity swaps		-	(1,744)
Income tax expense (benefit)		(761)	11
Income taxes paid		(80)	-
Finance income, net	8	(55)	(1,748)
Loss on disposal of equipment		-	1,667
Commodity price call option expired out of the money	14	378	-
Cooling tower claims recoveries	7	(4,275)	-
Approved emission performance credits		(36)	(340)
Funds used in continued operating activities before changes in working capital		(10,627)	(11,542)
Change in non-cash working capital from continued operations	12	(6,374)	6,084
Net cash used in operating activities from continued operations		(17,001)	(5,458)
Cash flows from financing activities:			
Issuance of loans and borrowings		-	9,599
Net proceeds from exercise of stock options		652	193
Interest and bank charges		(379)	(478)
Net cash generated from financing activities from continued operations		273	9,314
Cash flows from investing activities:			
Proceeds on sale of United States operating segment	4	116,644	-
Closing costs on sale of United States operating segment	4	(6,176)	-
Property, plant and equipment additions		(2,029)	(841)
Proceeds from the cooling tower claims recoveries	7	4,275	-
Interest income	8	688	2
Change in non-cash working capital	12	(7,551)	(879)
Net cash generated from (used) in investing activities from continued operations		105,851	(1,718)
Increase in cash and cash equivalents from continued operations		89,123	2,138
Cash and cash equivalents held at discontinued operations, beginning of period		3,535	-
Net decrease in cash and cash equivalents from discontinued operations	4	(3,535)	(1,486)
Cash and cash equivalents, beginning of period		15,303	5,884
Cash and cash equivalents, end of period		104,426	6,536

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

MAXIM POWER CORP.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements, Page 1

For the three and nine months ended September 30, 2017

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

1. Reporting entity

Maxim Power Corp. is incorporated in the province of Alberta, Canada. Maxim Power Corp. 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. The Corporation has power generation facilities in Alberta. The Corporation closed the sale of its United States operating segment on April 3, 2017 and has presented the result of these operations as discontinued operations (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 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, 2016 annual audited financial statements, available at www.sedar.com.

MAXIM's Board of Directors approved these unaudited condensed consolidated interim financial statements on November 7, 2017.

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, 2016.

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, 2016.

On January 1, 2017, the Corporation adopted the amendments to Statement of Cash Flows ("IAS 7"), Income Taxes ("IAS 12") and Disclosure of Interests in Other Entities ("IFRS 12"). The adoption of these amendments had no impact to the amounts recorded in the Corporation's consolidated financial statements as of January 1, 2017 or comparative periods.

MAXIM POWER CORP.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements, Page 2

For the three and nine months ended September 30, 2017

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

4. Assets and liabilities held for sale and discontinued operations

On April 3, 2017, the Corporation closed its previously announced agreement with Hull Street Energy, LLC for the sale of the Corporation's United States operating segment for net proceeds of approximately US\$83 million after the effect of the final net working capital adjustment. Upon close, the Corporation was required, under its Canadian bank facility, to fully cash collateralize all outstanding letters of credit and the amount available to draw against this facility at April 3, 2017 was reduced to \$nil. In addition, the Corporation is subject to customary closing indemnities until April 3, 2018 to a maximum claim of US\$8.8 million. 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 following table summarizes the gain on disposal of the United States operating segment for the nine months ended September 30, 2017:

	September 30, 2017
Cash consideration, net of closing costs	112,624
Net assets disposed	(90,235)
Realized gain on translation on disposal of discontinued operations	11,380
Working capital adjustment	(2,156)
Gain on disposal of United States	31,613

On December 2, 2016, the Corporation closed the sale of the France operating segment.

The following tables represent the discontinued net income for the United States (2017 and 2016) and France (2016) operating segments:

Total Discontinued Operations

	Three months ended September 30		Nine months ended September	
	2017	2016	2017	2016
Revenue	-	21,997	14,246	69,765
Expenses (income) (i)	2,156	44,606	(20,065)	91,141
Operating income (loss)	(2,156)	(22,609)	34,311	(21,376)
Finance expense (income), net (ii)	-	864	(14,891)	2,677
Income (loss) before income taxes	(2,156)	(23,473)	49,202	(24,053)
Income tax expense (benefit)				
Current	-	(251)	25	402
Deferred	-	(6,525)	(28)	(8,317)
	-	(6,776)	(3)	(7,915)
Net income (loss) from discontinued operations	(2,156)	(16,697)	49,205	(16,138)
Attributable to:				
Non-controlling interest	-	1	4	98
Shareholders	(2,156)	(16,698)	49,201	(16,236)
Net income (loss) from discontinued operations attributable to shareholders per share:				
Basic earnings	(0.04)	(0.31)	0.91	(0.30)
Diluted earnings	(0.04)	(0.31)	0.91	(0.30)

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements, Page 3

For the three and nine months ended September 30, 2017

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

4. Assets and liabilities held for sale and discontinued operations (continued)

- (i) Includes a gain on disposal of the United States operating segment for \$31,613 in the nine months ended September 30, 2017. Includes an impairment charge of \$15,624 for the France operating segment in the three and nine months ended September 30, 2016.
- (ii) Includes a realized gain on translation on disposal of discontinued operations for \$15,349 in the nine months ended September 30, 2017.

	Nine months ended September	
	2017	2016
Cash flows from (used in) discontinued operations		
Net cash generated from operating activities	87	10,923
Net cash used in financing activities	(842)	(8,210)
Net cash used in investing activities	(313)	(3,776)
Cash component of net assets disposed	(2,443)	-
Unrealized foreign exchange loss on cash	(24)	(423)
Net cash flows for the period	(3,535)	(1,486)

United States Segment

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Revenue	-	21,262	14,246	45,131
Expenses (income)	2,156	26,813	(20,065)	51,275
Operating income (loss)	(2,156)	(5,551)	34,311	(6,144)
Finance expense (income), net	-	468	(14,891)	1,450
Income (loss) before income taxes	(2,156)	(6,019)	49,202	(7,594)
Income tax expense (benefit)				
Current	-	(5)	25	179
Deferred	-	(943)	(28)	(2,762)
	-	(948)	(3)	(2,583)
Net income (loss) from discontinued operations	(2,156)	(5,071)	49,205	(5,011)
Attributable to:				
Non-controlling interest	-	21	4	61
Shareholders	(2,156)	(5,092)	49,201	(5,072)

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements, Page 4

For the three and nine months ended September 30, 2017

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

4. Assets and liabilities held for sale and discontinued operations (continued)

France Segment

	Three months ended September		Nine months ended September 30	
	2017	2016	2017	2016
Revenue	-	735	-	24,634
Expenses	-	17,793	-	39,866
Operating loss	-	(17,058)	-	(15,232)
Finance expense, net	-	396	-	1,227
Loss before income taxes	-	(17,454)	-	(16,459)
Income tax expense (benefit)				
Current	-	(246)	-	223
Deferred	-	(5,582)	-	(5,555)
	-	(5,828)	-	(5,332)
Net loss from discontinued operations	-	(11,626)	-	(11,127)
Attributable to:				
Non-controlling interest	-	(20)	-	37
Shareholders	-	(11,606)	-	(11,164)

At December 31, 2016, the United States operating segment comprised the following assets and liabilities:

Assets classified as held for sale

	December 31, 2016
Cash and cash equivalents	3,535
Restricted cash	1,259
Trade and other receivables	3,465
Prepaid expenses and deposits	1,205
Inventories	7,295
Income taxes recoverable	154
Property, plant and equipment, net	102,118
Intangible assets, net	961
Future income tax asset	140
Other assets	104
Total held for sale	120,236

Liabilities classified as held for sale

	December 31, 2016
Trade and other payables	5,783
Loans and borrowings, net of deferred financing costs	22,349
Provisions for decommissioning	4,232
Total held for sale	32,364

MAXIM POWER CORP.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements, Page 5

For the three and nine months ended September 30, 2017

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

5. Other long-term liability

During the third quarter of 2017, the Corporation paid the second of three equal installments in relation to the Federal Energy Regulatory Commission settlement. The third and final installment of \$3,426 is included in trade and other payables.

6. Asset impairment charges

(a) PP&E, net

During the second quarter of 2017, due to significant adverse changes at the facility site, the Corporation recognized an asset impairment charge of \$1,072 with respect to the Gold Creek generating facility included in the Canada operating segment. In the absence of contractual arrangements or favourable Alberta power prices that would make it economically feasible to connect the facility to a new compressor at the current site or another MAXIM site, the recoverable amount of this facility was estimated at its salvage value of \$43.

During the second quarter of 2017, due to updated information on market conditions, the Corporation obtained an appraisal for raw land it is holding in the United States. Based on a sales approach to same or similar land, the Corporation determined that the book value of the land was greater than the recoverable amount and recognized an \$809 asset impairment charge. The recoverable amount was estimated based on the appraisal to be US\$4,109.

(b) Intangible assets, net

During the second quarter of 2017, due to adverse changes in the market conditions for environmental credits in Alberta, the Corporation recognized an asset impairment charge of \$6,463 with respect to SO₂ credits at Milner included in Canada operating segment. The recoverable amount was estimated to be \$nil. The recoverable amount was determined using fair value less costs of disposal. The fair value measurement was categorized as Level III within the fair value hierarchy. The fair value measurement valuation technique used was based on management's experience and knowledge of long and short positions of SO₂ credits of industry participants.

7. Other income

	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Cooling tower claims recoveries (i)	-	-	(4,275)	-
Restructuring of Alberta operations (ii)	64	-	1,390	709
Transition service income	(333)	-	(699)	-
Approved emission performance credits	-	-	(36)	(340)
Loss (gain) on sale of equipment	-	1,667	(18)	1,667
Total other expense (income), net	(269)	1,667	(3,638)	2,036

(i) Proceeds from the final resolution of the cooling tower claims.

(ii) This consists of costs incurred to restructure the Corporation's Alberta operations to reduce ongoing operating costs.

MAXIM POWER CORP.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements, Page 6

For the three and nine months ended September 30, 2017

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

8. Finance income, net

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Interest expense and bank charges	36	137	379	432
Accretion of provisions	24	20	63	59
Foreign exchange loss (gain)	59	506	191	(2,237)
Finance expense (income)	119	663	633	(1,746)
Interest income (i)	(394)	-	(688)	(2)
Total finance expense (income), net	(275)	663	(55)	(1,748)

(i) Includes interest income on cash and cash equivalents and restricted cash.

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the three months ended September 30, 2017 was based on the net loss attributable to common shareholders and net loss attributable to common shareholders from continued operations of (\$5,437) and (\$3,281), respectively (September 30, 2016 – losses of (\$20,032) and (\$3,334), respectively) and weighted average number of common shares outstanding for the period of 54,574,089 (September 30, 2016 – 54,290,487). For the nine months ended September 30, 2017 was based on the net income attributable to common shareholders and net loss attributable to common shareholders from continued operations of \$30,930 and (\$18,271), respectively (September 30, 2016 – losses of (\$36,389) and (\$20,153), respectively) and weighted average number of common shares outstanding for the period of 54,445,342 (September 30, 2016 – 54,253,898).

(b) Dilutive earnings per share

For the nine months ended September 30, 2017 diluted earnings per share calculation, 74,309 shares were added to the average number of common shares outstanding during the period for the dilutive effects of exercisable stock options. For the three months ended September 30, 2017, and the three and nine months ended September 30, 2016, no shares were added to the average number of common shares outstanding because they were antidilutive.

10. Commitments

- (a) Milner Power Limited Partnership ("MPLP") is responsible for the decommissioning and reclamation of the power station lands at the Milner generating facility 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, the present value of which has been recorded in other assets, net of amounts billed. As at September 30, 2017, the Corporation has billed the Balancing Pool for \$602 for partial remediation of the power station's lands. 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 January 1, 2018 to December 31, 2026 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 September 30, 2017. The Corporation has an additional commitment of \$798 regarding the service portion of the contract.

MAXIM POWER CORP.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements, Page 7

For the three and nine months ended September 30, 2017

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

11. 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.

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 which were inherited from the sale by the Corporation. 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 customary closing indemnities until April 3, 2018 to a maximum claim of US\$8,841 thousand.

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.

MAXIM POWER CORP.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements, Page 8

For the three and nine months ended September 30, 2017

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

11. Contingencies (continued)

(b) Contingent assets

Through its Decision 790-D04-2016 ("Decision"), released September 28, 2016, the Alberta Utilities Commission ("AUC") asserted its position on several preliminary 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 the Corporation's view that the AUC's proceedings, the final phase of which is currently underway, will establish compensation to Milner Power Inc. that will include compensation for the time value of money. The Corporation estimates that overpayments of approximately \$42,000 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 September 30, 2017, the amount and timing of compensation under Module C cannot be determined.

Under the agreement for the sale of the France operating segment, the Corporation is eligible for compensation up to €6,000, contingent upon a change in law in France which benefits the Corporation's cogeneration units. The change in law must occur no later than June 1, 2018. As at September 30, 2017, the timing and amount of compensation cannot be determined.

12. Change in non-cash working capital

	September 30, 2017	September 30, 2016
Operations		
Trade and other receivables	617	(3,287)
Prepaid expenses and deposits	(13)	(93)
Inventories	(9)	1,422
Trade and other payables	(6,969)	8,042
	(6,374)	6,084
	September 30, 2017	September 30, 2016
Investing		
Trade and other payables	359	(879)
Restricted cash	(7,910)	-
	(7,551)	(879)

MAXIM POWER CORP.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements, Page 9

For the three and nine months ended September 30, 2017

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

13. 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 and France operating segment ceased to be strategic segments in the second quarter of 2017 and fourth quarter of 2016, respectively, as a result of the sales of these business segments. The Corporation has modified the composition of the reportable segments.

(a) Three months ended

September 30, 2017	Canada	Corporate amounts	Subtotal	Discontinued operations from United States	Discontinued operations from France	Total consolidated
Revenues from external customers	-	-	-	-	-	-
Operating loss	(2,526)	(1,101)	(3,627)	(2,156)	-	(5,783)

September 30, 2016	Canada	Corporate amounts	Subtotal	Discontinued operations from United States	Discontinued operations from France	Total consolidated
Revenues from external customers	1,581	-	1,581	21,262	735	23,578
Operating loss	(2,539)	(126)	(2,665)	(5,551)	(17,058)	(25,274)

(b) Nine months ended

September 30, 2017	Canada	Corporate amounts	Subtotal	Discontinued operations from United States	Discontinued operations from France	Total consolidated
Revenues from external customers	2,024	-	2,024	14,246	-	16,270
Operating income (loss)	(14,218)	(4,869)	(19,087)	34,311	-	15,224

September 30, 2016	Canada	Corporate amounts	Subtotal	Discontinued operations from United States	Discontinued operations from France	Total consolidated
Revenues from external customers	3,644	-	3,644	45,131	24,634	73,409
Operating loss	(19,629)	(2,261)	(21,890)	(6,144)	(15,232)	(43,266)

14. Fair value and financial instruments

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.

MAXIM POWER CORP.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements, Page 10

For the three and nine months ended September 30, 2017

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

14. Fair value and financial instruments (continued)

(a) Cash and cash equivalents and restricted cash

The fair value of cash and cash equivalents and restricted cash are classified as Level I under the fair value hierarchy as they are based on active markets for identical assets. All cash balances are invested with one Canadian chartered bank, which is rated A- by Standard and Poor's rating agency.

(b) 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. MAXIM 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 and nine months ended September 30, 2017, the unrealized gain on commodity price swaps was \$nil (September 30, 2016 - \$1,513) and \$58 (September 30, 2016 - \$1,744), respectively. For the three and nine months ended September 30, 2017, the realized gain on commodity risk management swaps and option was \$nil (September 30, 2016 - \$3,613) and \$917 (September 30, 2016 - \$3,613), respectively. At September 30, 2017, the Corporation had no commodity swaps or options outstanding.

(c) 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 or 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 nine months ended September 30, 2017, the Corporation, realized a \$421 thousand loss (September 30, 2016 - \$nil), recognized in discontinued operations, on the US\$78,000 thousand swap to lock-in a portion of the sales proceeds of the United States operating segment.

For the nine months ended September 30, 2017, the Corporation realized a net loss of \$1,092 (September 30, 2016 - \$nil) 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 operations.

At September 30, 2017, 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 November 7, 2017 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 and nine months ended September 30, 2017. The MD&A should also be read in conjunction with the audited consolidated financial statements and MD&A for the year ended December 31, 2016. 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:

- 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.
- Management has determined that it is no longer economically feasible to continue operating the H.R. Milner generating facility ("M1") as a coal-fired facility for the foreseeable future until Alberta power prices increase. Management continues to evaluate its options in regards to operating the facility solely on natural gas in its current state or the repowering of M1 into a 236 MW natural gas-fired facility under the Milner gas repowering ("MGR") project.
- Development projects, including Deerland Peaking Station ("Deerland"), Buffalo Atlee, 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.
- MAXIM estimates total development capital expenditures from continuing operations of \$2.5 million to be incurred in 2017. 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 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

MAXIM further reduced the headcount at its corporate head office by 13% since the end of the second quarter. On a year to date basis, headcount has been reduced by 42% at MAXIM's corporate head office. These reductions were primarily as a result of the sale of the U.S. operating segment.

M1 has not generated electricity since April 2017 due to continued record low Alberta power prices, which have undermined profitability for a prolonged period. Plant staff levels have been reduced by 75% through temporary layoffs while operations are suspended. MAXIM maintained a smaller operating team during the third quarter to undertake maintenance and repairs for a possible resumption of generation if power market conditions improve. Further plant staff layoffs were made subsequent to the third quarter increasing the total reduction to 88% on a year to date basis. A significant improvement in Alberta power prices in the current "energy only market" will be required to justify resuming operations.

MAXIM is currently evaluating the electricity market transition being undertaken by the Government of Alberta ("GoA"), which includes a shift from the current "energy only market" to a "capacity market" to attract investment needed to support this transition. The government estimates \$25.0 billion of new investment in electricity generation is required to meet the electricity needs of a growing province and to support the transition toward cleaner sources of energy mandated by the federal and provincial governments.

Key Performance Indicators ("KPI")

(\$000's, unless otherwise noted)	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Revenue				
Continuing operations	-	1,581	2,024	3,644
Discontinued operations	-	21,997	14,246	69,765
Total	-	23,578	16,270	73,409
Net income (loss) attributable to shareholders				
Continuing operations	(3,281)	(3,334)	(18,271)	(20,153)
Discontinued operations	(2,156)	(16,698)	49,201	(16,236)
Total	(5,437)	(20,032)	30,930	(36,389)
Basic and diluted net income (loss) per share attributable to shareholders (\$ per share)				
Continuing operations	(0.06)	(0.06)	(0.34)	(0.37)
Discontinued operations	(0.04)	(0.31)	0.91	(0.30)
Total	(0.10)	(0.37)	0.57	(0.67)
Total assets	181,236	295,286	181,236	295,286

The Corporation's KPI's were modified as a result of the sale of the U.S. and France operating segments and notice provided to temporarily suspend operations at M1. The Corporation is no longer reporting on adjusted earnings before interest, taxes, depreciation and amortization, funds from operations, market and realized power prices, total generation and loans and borrowings as it no longer uses these indicators to measure operating performance. For comparative purposes, the Corporation will continue to separately illustrate the impact of discontinued operations of the United States and France from continuing operations on remaining KPI's.

Financial Results

The financial results of the Canada segment are presented as continuing operations and the financial results of the U.S. and France operating segments are presented as discontinued operations to illustrate the impact to the Corporation of the sale of the foreign segments. Refer to the Assets and Liabilities Held for Sale and Discontinued Operations section on page 8 for a discussion on the financial results of discontinued operations.

Net loss attributable to shareholders from continuing operations for the third quarter of 2017 was comparable to the same period in 2016.

Net loss attributable to shareholders from continuing operations decreased in the first nine months of 2017 when compared to 2016. The change in this financial measure was primarily due to lower operating costs as a result of the temporary suspension of operations at M1, recoveries from the final resolution of the cooling tower claims, lower fuel and maintenance costs and realized gains on commodity risk management activities in the first quarter of 2017. This was partially offset by asset impairment charges recognized on intangible assets and property, plant and equipment ("PP&E") in 2017.

RESULTS OF CONTINUING OPERATIONS – CANADA SEGMENT

Revenue

Summary of revenue by segment:

Segment (\$000's)	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Revenue	-	1,581	2,024	3,644

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

Revenue in third quarter of 2017 decreased from \$1.6 million in 2016 to \$nil in 2017, as a result of the temporary suspension of generation at M1. Revenue in the first nine months of 2017 decreased \$1.6 million or 44%, from \$3.6 million in 2016 to \$2.0 million in 2017, primarily due to the same factors impacting the third quarter.

Plant Operations

Summary of plant operations expense by type:

Three months ended September 30 (\$000's)	2017			Inventories write-down	2016		
	Fuel	O&M	Total		Fuel	O&M	Total
Total	-	1,527	1,527	-	1,235	4,133	5,368
Percent	0%	100%	100%	0%	23%	77%	100%

Nine months ended September 30 (\$000's)	2017			Inventories write-down	2016		
	Fuel	O&M	Total		Fuel	O&M	Total
Total	1,425	8,216	9,641	6,661	3,562	12,932	23,155
Percent	15%	85%	100%	29%	15%	56%	100%

Third quarter operations and maintenance ("O&M") expenses decreased \$2.6 million or 63%, from \$4.1 million in 2016 to \$1.5 million in 2017, primarily as a result of operating cost savings from cost cutting initiatives and the temporary suspension of operations at M1. For the first nine months of 2017 O&M expenses decreased \$4.7 million or 36%, from \$12.9 million in 2016 to \$8.2 million in 2017, primarily due to the same factors impacting the third quarter.

Fuel expenses in the third quarter of 2017 decreased \$1.2 million, from \$1.2 million in 2016 to \$nil in 2017, as a result of the temporary suspension of generation at M1. For the first nine months of 2017 fuel expenses decreased \$2.2 million or 61%, from \$3.6 million in 2016 to \$1.4 million in 2017, primarily as a result of the temporary suspension of operations at M1 and lower per unit fuel costs of coal as the inventory value was written down to \$nil as at December 31, 2016. This was partially offset by a higher consumption and per unit fuel cost of natural gas.

During the first nine months of 2016, inventories of coal and spare parts related to coal-fired generation were written down by \$6.1 million and \$0.6 million, respectively, to net realizable value.

General and Administrative Expense

(\$000's)	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Total general and administrative expense	1,429	625	3,958	2,278

Third quarter general and administration expense increased \$0.8 million or 133%, from \$0.6 million in 2016 to \$1.4 million in 2017, primarily due to no administrative costs allocated to the plants as a result of the sale of the U.S. operating segment and the temporary suspension of operations at M1. This was partially offset by lower personnel costs at the corporate office as a result of headcount reductions.

General and administration expense in the first nine months of 2017 increased \$1.7 million or 74%, from \$2.3 million in 2016 to \$4.0 million in 2017, primarily due to the same factors impacting the third quarter.

Depreciation and Amortization Expense

(\$000's)	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Total depreciation and amortization	940	1,712	3,781	3,422

Depreciation expense in the third quarter of 2017 decreased \$0.8 million or 47%, from \$1.7 million in 2016 to \$0.9 million in 2017, primarily due to the consumption and amortization of nitrogen oxide credits and sulphur dioxide ("SO2") credits in the third quarter of 2016 when M1 was generating electricity, in addition to a lower asset base in M1.

Depreciation expense in the first nine months of 2017 increased \$0.4 million or 12%, from \$3.4 million in 2016 to \$3.8 million in 2017, primarily due to greater stringency limits at the beginning of 2017 around coal-fired generation and the resulting consumption and amortization of credits pertaining to Alberta's greenhouse gas reduction program ("Emission Performance Credits), partially offset by the same factors impacting the third quarter.

Gain on Commodity Risk Management Swaps and Option

(\$000's)	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Realized gain on commodity swaps	-	3,613	1,295	3,613
Realized loss on commodity option	-	-	(378)	-
Unrealized gain on commodity swaps	-	1,513	58	1,744
Total	-	5,126	975	5,357

In the first nine months 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 realized a gain of \$1.3 million. In the first quarter of 2017, a call option expired out of the money and the cost of the option was realized as a loss. At September 30, 2017, the Corporation had no commodity swaps or options outstanding.

In the third quarter and first nine months of 2016, MAXIM recorded a \$5.1 million and \$5.4 million, respectively, gain on Alberta power price risk management swaps. Alberta spot prices settled lower than the fixed swap price and the Corporation realized a gain of \$3.6 million for the first nine months of 2016. In addition to this, Alberta forward prices at September 30, 2016 moved lower than the fixed price and the Corporation had an unrealized gain of \$1.7 million for the first nine months of 2016.

Asset Impairment Charges

During the second quarter of 2017, the Corporation recognized an asset impairment charge of \$6.5 million with respect to SO₂ credits at M1 included in the Canada operating segment after considering both the temporary suspension of coal-fired generation at M1 and recent announcements of Alberta based coal-fired generators to convert certain coal-fired generating units to natural gas earlier than mandated timelines to discontinue operating on coal. The recoverable amount was estimated to be \$nil. The recoverable amount was determined using fair value less costs of disposal. The fair value measurement was categorized as Level III within the fair value hierarchy. The fair value measurement valuation technique used was based on management's experience and knowledge of long and short positions of SO₂ credits of industry participants.

During the second quarter of 2017, due to significant adverse changes at the facility site, the Corporation recognized an asset impairment charge of \$1.0 million with respect to the Gold Creek generating facility included in the Canada operating segment. In the absence of contractual arrangements or favourable Alberta power prices that would make it economically feasible to connect the facility to a new compressor at the current site or another MAXIM site, the recoverable amount of this facility was estimated at its salvage value.

During the second quarter of 2017, due to updated information on market conditions, the Corporation obtained an appraisal for raw land it is holding in the United States. Based on a sales approach to same or similar land, the Corporation determined that the book value of the land was greater than the recoverable amount and recognized a \$0.8 million asset impairment charge. The recoverable amount was estimated based on the appraisal to be US\$4.1 million.

Other Expense (Income), Net

(\$000's)	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Other expense (income), net	(269)	1,667	(3,638)	2,036

Net other income in the third quarter of 2017 increased from an expense of \$1.7 million in 2016 to income of \$0.3 million of income in 2017. The increase is primarily due to losses on disposal of idle mining equipment recognized in 2016.

Net other income in the first nine months of 2017 increased from an expense of \$2.0 million in 2016 to income of \$3.6 million in 2017. The increase is primarily due to recoveries from the final resolution of the cooling tower claims, transition services provided to the purchaser of the U.S. operating segment and due to losses on disposal of idle mining equipment recognized in 2016. This was partially offset by an increase in costs in 2017 incurred to restructure the Corporation's Alberta operations.

Finance Expense (Income), Net

(\$000's)	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Interest expense	36	137	379	432
Accretion of provisions	24	20	63	59
Foreign exchange loss (gain)	59	506	191	(2,237)
Finance expense (income)	119	663	633	(1,746)
Interest income	(394)	-	(688)	(2)
Total finance expense (income), net	(275)	663	(55)	(1,748)

Net finance income in the third quarter of 2017 increased from expense of \$0.7 million in 2016 to income of \$0.3 million in 2017. The increase is primarily due to a decrease of foreign exchange losses from \$0.5 million in 2016 to \$0.1 million in 2017, which is caused primarily by the net impact of foreign exchange rate movement for US dollars and Euros (2016 only) on cash balances and foreign intercompany liabilities held in Canada (2016 only). In addition, the Corporation earned interest income earned on cash and cash equivalents in the third quarter of 2017. Net finance income in first nine months of 2017 decreased from \$1.7 million in 2016 to \$0.1 million in 2017, primarily due to the same factors impacting the third quarter.

Income Tax Expense (Benefit)

(\$000's)	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Current tax expense (benefit)	(71)	6	81	11
Deferred tax benefit	-	-	(842)	-
Total income tax expense (benefit)	(71)	6	(761)	11

Income tax benefit in the third quarter was \$0.1 million, which was comparable to the same period in 2016. Income tax benefit in the first nine months of 2017 increased from \$nil in 2016 to \$0.8 million in 2017, primarily due to the Corporation's anticipated ability to realize a portion of future tax assets which were previously derecognized.

Financial Position

The following highlights the changes in the Corporation's Statement of Financial Position at September 30, 2017 as compared to the previously disclosed Statement of Financial Position after closing the sale of the U.S. operating segment at June 30, 2017.

As at (\$000's)	September 30, 2017	June 30, 2017	Increase (Decrease)	Primary factors explaining change
Assets				
Cash and cash equivalents	104,426	114,610	(10,184)	Settlement of outstanding accounts payable and operating cash outflows
Trade and other receivables	1,239	241	998	Increased as a result of receivables related to the reclamation of lands at the Milner site
Property, plant and equipment, net	55,275	55,381	(106)	Depreciation, partially offset by capital additions
Net other assets	16,928	18,321	(1,393)	Decreased as a result of increased interest rates and commencement of partial reclamation of lands at the Milner site
Liabilities & Equity				
Trade and other payables	5,740	6,615	(875)	Decreased as a result of payment of the final working capital settlement on the sale of the U.S. operating segment
Other long-term liability	-	3,461	(3,461)	Decreased as a result of the second of three installment payments on the Federal Energy Regulatory Commission ("FERC") settlement
Provisions for decommissioning	11,083	12,739	(1,656)	Decreased as a result of increased interest rates and commencement of partial reclamation of lands at the Milner site
Equity	161,045	165,738	(4,693)	Net loss for the period from continuing operations and final working capital settlement on the sale of the U.S. operating segment

DISCONTINUED OPERATIONS

On April 3, 2017, the Corporation closed its previously announced agreement with Hull Street Energy, LLC for the sale of the Corporation's United States operating segment for net proceeds of approximately US\$83 million after the effect of the final net working capital adjustment. Upon close, the Corporation was required, under its Canadian bank facility, to fully cash collateralize all outstanding letters of credit and the amount available to draw against this facility at April 3, 2017 was reduced to \$nil. In addition, the Corporation is subject to customary closing indemnities until April 3, 2018 to a maximum claim of US\$8.8 million. 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 following table summarizes the gain on disposal of the U.S. operating segment for the nine months ended September 30, 2017:

(000's)	September 30, 2017
Cash consideration, net of closing costs	112,624
Net assets disposed	(90,235)
Reclassification of foreign currency translation losses on disposal	11,380
Working capital adjustment	(2,156)
Gain on disposal of United States	31,613

On December 2, 2016, the Corporation closed the sale of the France operating segment.

The following table represents the discontinued net income for the U.S. and France (2016) operating segment combined in Canadian dollars:

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Revenue	-	21,997	14,246	69,765
Expense (income) (i)	2,156	44,606	(20,065)	91,141
Operating income (loss)	(2,156)	(22,609)	34,311	(21,376)
Finance expense (income), net	-	864	(14,891)	2,677
Income (loss) before income taxes	(2,156)	(23,473)	49,202	(24,053)
Income tax benefit	-	(6,776)	(3)	(7,915)
Net income (loss) from discontinued operations	(2,156)	(16,697)	49,205	(16,138)

(i) Includes working capital adjustment of \$2.2 million.

Nine months ended September 30 (\$000's)	2017	2016
Net cash generated from operating activities	87	10,923
Net cash used in financing activities	(842)	(8,210)
Net cash used in investing activities	(313)	(3,776)
Cash component of net assets disposed	(2,443)	-
Unrealized foreign exchange loss on cash	(24)	(423)
Net cash flows for the period	(3,535)	(1,486)

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management has determined that cash flows for operating, general and administrative expenses 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 future anticipated financing based upon current forecasts.

Effective May 1, 2017, the Corporation amended and restated its credit agreement with the Bank of Montreal to a demand facility that requires full cash collateralization for \$8.0 million of letters of credit on a non-revolving basis. As at September 30, 2017, 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.

At September 30, 2017, the Corporation had unrestricted cash of \$104.4 million and working capital of \$100.3 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. The Corporation has ample working capital to support development projects, maintain liquidity and support current operations. This preceding statement represents FLI and users are cautioned that actual results may vary.

Cash flow summary:

Nine months ended September 30 (\$000's)	2017	2016
Cash on hand, unrestricted, January 1	15,303	5,884
Cash flow used in operations	(17,001)	(5,458)
Cash flow generated from financing	273	9,314
Available for investments	(1,425)	9,740
Cash flow generated from (used in) investing	105,851	(1,718)
	104,426	8,022
Cash and cash equivalents (indebtedness) held at discontinued operations beginning of period	3,535	(1,486)
Net decrease in cash from discontinued operations	(3,535)	-
Undrawn revolving credit facility	-	7,405
Net liquidity available, September 30	104,426	13,941

Cash flow used in operations in the first nine months of 2017 increased from an outflow of \$5.5 million in 2016 to \$17.0 million in 2017, which is an increase of \$11.5 million. The increase in outflow is primarily due to fluctuations in working capital which represented a cash outflow of \$6.4 million in 2017, as compared to an inflow of \$6.1 million in 2016. See below for further discussion of working capital. Excluding working capital, cash flow used in operations in the first nine months of 2017 decreased from an outflow of \$11.6 million in 2016 to \$10.6 million in 2017, which is decrease of \$1.0 million. The decrease in outflow is primarily due to operating cost savings from cost cutting initiatives and the temporary suspension of operations at M1. This was partially offset by one-time higher costs associated with the restructuring of Alberta operations.

During the first nine months of 2017, MAXIM's cash flow from financing decreased \$9.0 million from an inflow of \$9.3 million in 2016 to \$0.3 million in 2017. This decrease is due to drawings on the Canadian bank facility in the first nine months of 2016 for \$9.6 million, which were subsequently repaid in the fourth quarter of 2016.

MAXIM's investing activities in the first nine months of 2017 represented a cash inflow of \$105.9 million, which primarily consisted of net proceeds on the sale of the U.S operating segment and recoveries on cooling tower claims. These amounts were partially offset by cash collateralizing the Corporation's letters of credit and development capital expenditures in Canada.

MAXIM's investing activities in the first nine months of 2016 represented a cash outflow of \$1.7 million, which primarily consisted of \$0.8 million of sustaining M1 and development initiatives capital in Canada and a change in non-cash working capital of \$0.9 million.

The Corporation has no debt and as such has discontinued using the percent of net debt to capital to monitor leverage.

Working Capital

The Corporation has a working capital surplus of \$100.3 million at September 30, 2017, which represents a \$1.9 million increase from the working capital surplus of \$98.4 million at December 31, 2016. The total increase was due to a \$34.2 million decrease in current assets and a \$36.1 million decrease in current liabilities.

The decrease in current assets was due to a \$120.2 decrease in assets held for sale as they were disposed of in the sale of U.S. operating segment, a \$0.6 million decrease in accounts receivable, a \$1.5 million decrease to risk management assets from the settlement of commodity options and a \$1.0 million decrease in inventories reclassified to PP&E. This was partially offset by an \$89.1 million increase to unrestricted cash primarily from the sale of the U.S. operating segment.

The decrease in current liabilities was due to a \$32.4 million decrease in liabilities held for sale as they were disposed of in the sale of the U.S. operating segment and a \$3.7 million decrease in accounts payable.

MAXIM anticipates that it will 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.

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 which were inherited from the sale by the Corporation. 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 U.S. operating segment. Under the sales agreement, the Corporation is subject to customary closing indemnities until April 3, 2018 to a maximum claim of US\$8.8 million.

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-D04-2016 ("Decision"), released September 28, 2016, the Alberta Utilities Commission ("AUC") asserted its position on several preliminary 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 the Corporation's view that the AUC's proceedings, the final phase of which is currently underway, will establish compensation to Milner Power Inc. that will include an accounting for the time value of money. The Corporation estimates that overpayments of approximately \$42,000 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 of the date of this MD&A, the amount and timing of compensation under Module C cannot be determined.

Under the agreement for the sale of the France operating segment, the Corporation is eligible for compensation up to €6.0 million, contingent upon a change in law in France which benefits the Corporation's cogeneration units. The change in law must occur no later than June 1, 2018. As of the date of this MD&A, the timing and amount of compensation cannot be determined.

Capital Resources

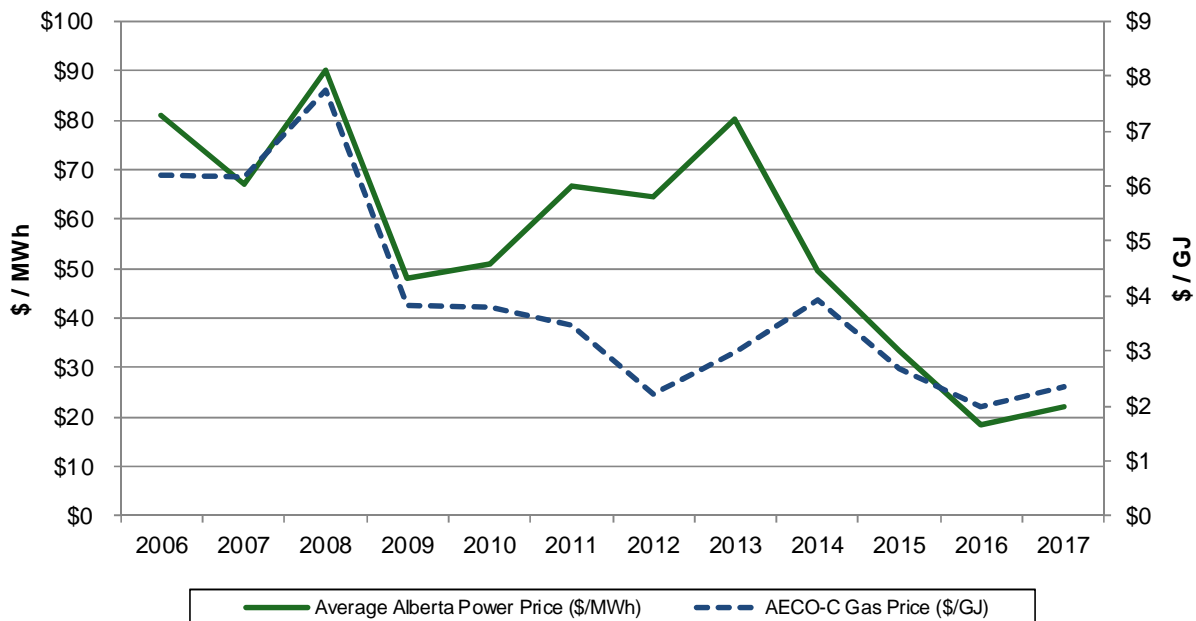
The following represents FLI and users are cautioned that actual results may vary. The Corporation is currently estimating development expenditures from continuing operations of approximately \$2.5 million for 2017. Management intends to fund these expenditures with existing cash balances.

In addition, the Corporation has incurred \$1.1 million in 2017 for required sustaining capital projects at generating facilities in the U.S. operating segment up to April 3, 2017.

OUTLOOK

The Corporation's outlook is impacted by Alberta electricity and fuel prices. Alberta electricity prices are a key revenue determinant for MAXIM's M1. As a result of record low Alberta power prices, which have undermined profitability for a prolonged period, M1 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 following chart 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 continue for the foreseeable future in the current energy only market construct. Refer to the Environmental and Climate Change Legislation section on page 14 for discussion of the upcoming capacity market in Alberta.



ACQUISITION AND DEVELOPMENT INITIATIVES

MAXIM is refocusing its independent power producer strategy through the advancement of its development initiatives as described herein. 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 intends to evaluate 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. As at the date of this MD&A, it is anticipated that recommendations on the "capacity market" design from the existing AESO stakeholder working groups will be released in the fourth quarter of 2017. After consideration of these recommendations, it is further anticipated that a comprehensive design will be finalized by the AESO by the end of the second quarter of 2018. This timing will permit AESO to adhere with its existing plan to have the first capacity market auction in 2019 for capacity requirement deliveries in 2021.

Milner Gas Repowering ("MGR")

MAXIM has regulatory approval to increase generating capacity at the M1 site by building two natural gas-fired turbines located next to M1 which is a cost-effective solution to repower M1 solely for natural gas-fired generation. MGR will utilize existing M1 assets including, but not limited to, its boiler, steam turbine, generator, water license, as well as electrical and gas interconnections. The development of MGR will also result in a reduction to total greenhouse gases and air emissions compared to base load coal-fired generation in previous years. Exhaust energy from MGR's gas turbines will be converted to steam and utilized to generate electricity in the existing M1 steam turbine, displacing coal-sourced steam. MGR will increase the nameplate capacity at the Milner site from 150 MW to 236 MW and will increase natural gas-fired output to the grid from 75 MW to 236 MW. Total emissions of carbon dioxide, nitrogen oxides, sulfur oxides and particulates at the M1 site will decrease compared to base load coal-fired generation in previous years.

Milner Gas Expansion ("MGE")

MAXIM has received regulatory approval to construct and operate MGE, a 520 MW natural gas-fired combined cycle generation facility. The MGE facility is to be located adjacent to the existing 150 MW M1. Synergies with existing M1 infrastructure such as water license and a skilled operations team, allow the MGE project to achieve a competitive advantage as compared to a greenfield development. The MGE project will be one of the most efficient combined cycle gas turbines in the province and is anticipated to run as a base load facility, similar to that of the recently commissioned Shepard Energy Centre.

Deerland

MAXIM has received regulatory approvals to construct and operate the Deerland peaking station, a 190 MW natural gas-fired peaking facility. MAXIM has entered into agreements to secure firm natural gas transportation service for the Deerland peaking station.

Buffalo Atlee

MAXIM acquired the Buffalo Atlee Power Project, situated near Brooks, Alberta, through an amalgamation with EarthFirst Canada Inc. on March 2, 2010. This project has the potential for development of up to 235 MW of wind generation capacity in multiple phases. The first phase consists of 35 MW for which application has been submitted to the AUC for power plant approval. The addition of wind generation to MAXIM's existing portfolio of assets would diversify further potential changes to MAXIM's generation fuel types.

SUMMIT

SUMMIT is MAXIM's metallurgical coal development initiative located north of Grande Cache, Alberta that owns metallurgical coal leases for Mine 14 ("M14") and Mine 16 ("M16S"). Current estimates for M14 are 18.9 million tonnes of low-mid volatile metallurgical coal reserves with a mine life of 17 years based on the NI 43-101 Technical Report filed on SEDAR on March 21, 2013. M16S is located 30 kilometers northwest of M14 and represents 1,792 hectares or 29% of SUMMIT's total area of coal leases. A NI 43-101 Technical Report has not been prepared for M16S.

M14 is permitted for a run-of-mine production rate of up to 1,300,000 tonnes per year. MAXIM has also received approval from the Alberta Energy Regulator to construct and operate a Coal Beneficiation Plant. This Coal Beneficiation Plant, to be located on MAXIM's existing Milner industrial complex, will bifurcate M14's run-of-mine coal into an estimated annual production of 950,000 tonnes of high-quality, low-mid volatile and metallurgical coal for shipment to export markets.

Financing

MAXIM requires capital (debt and equity), from internal or external sources, to finance 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 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

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, the GoA has also announced the intention to replace the existing Specified Gas Emitters Regulation with the Carbon Competitiveness Regulation ("CCR") commencing January 1, 2018. The CCR will require coal-fired 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. This has been estimated at \$18 per MWh for Alberta's coal-fired generation fleet.

In October 2016, the Government of Canada announced a pan-Canadian carbon pricing system that would put a minimum of \$10 per tonne of greenhouse gas ("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.

On November 3, 2016 the GoA announced its plan to hold its first auction for renewable power contracts early 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 will see investors bidding to provide up to 400 MW of renewable electricity for twenty years. The winning bidders will be announced by the end of 2017 and projects commissioned in 2019. MAXIM is well positioned to participate in future auctions with Buffalo Atlee wind generation development project. Refer to page 13 for discussion on Buffalo Atlee.

On November 23, 2016 the 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. The new market structure is expected to reduce price volatility while compensating power plant owners with monthly capacity payments for making their capacity available in the energy and ancillary services market. The AESO is engaging stakeholders in the design of the market. The first auction is expected to occur in 2019 with a contract delivery year targeted for 2021.

As at the date of this MD&A, uncertainties still exist on the details of the legislation resulting from the CLP. MAXIM currently anticipates that it will continue to be permitted to run M1 at full capacity to December 31, 2019 as a coal, natural gas or dual fuel-fired facility and as a natural gas-fired facility at full capacity thereafter.

In addition to the GHG regulations, Canadian federal and Alberta provincial environmental regulations are also being developed and/or revised for air pollutants such as sulphur dioxide, nitrogen oxides, volatile organic carbons, and particulate matter. No significant changes to these regulations are expected in the near future as both the provincial and federal governments focus on GHG regulations.

SELECTED QUARTERLY FINANCIAL INFORMATION

KPI's

Quarter ended: (unaudited) (\$000's unless otherwise noted)	30-Sep 2017	30-Jun 2017	31-Mar 2017	31-Dec 2016
Revenue				
Continuing operations	-	45	1,979	2,840
Discontinued operations	-	-	14,246	18,309
Total	-	45	16,225	21,149
Net income (loss) attributable to shareholders				
Continuing operations	(3,281)	(10,479)	(4,511)	(9,721)
Discontinued operations	(2,156)	50,431	926	(7,690)
Total	(5,437)	39,952	(3,585)	(17,411)
Basic and diluted income (loss) per share attributable to shareholders (\$ per share)				
Continuing operations	(0.06)	(0.19)	(0.08)	(0.18)
Discontinued operations	(0.04)	0.92	0.01	(0.14)
Total	(0.10)	0.73	(0.07)	(0.32)
Total assets	181,236	191,921	213,211	218,183
Quarter ended: (unaudited) (\$000's unless otherwise noted)	30-Sep 2016	30-Jun 2016	31-Mar 2016	31-Dec 2015
Revenue				
Continuing operations	1,581	180	1,883	2,161
Discontinued operations	21,997	11,433	36,335	30,631
Total	23,578	11,613	38,218	32,792
Net income (loss) attributable to shareholders				
Continuing operations	(3,334)	(6,825)	(9,994)	(66,011)
Discontinued operations	(16,698)	(1,523)	1,985	856
Total	(20,032)	(8,348)	(8,009)	(65,155)
Basic and diluted income (loss) per share attributable to shareholders (\$ per share)				
Continuing operations	(0.06)	(0.12)	(0.19)	(1.22)
Discontinued operations	(0.31)	(0.03)	0.04	0.02
Total	(0.37)	(0.15)	(0.15)	(1.20)
Total assets	295,286	310,674	327,875	346,898

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

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 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 FERC 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 gain on commodity swaps. The first quarter of 2016 had a \$4.8 million write-down of inventories and a \$0.3 million gain on the approval of Emission Performance Credits.

The fourth quarter of 2015 had a reversal of \$32.1 million of deferred tax assets in Canada, asset impairment charges totaling \$37.2 million relating to M1 and adjacent lands, which including coal leases and an \$8.8 million gain on the recognition of SO2 Credits.

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, 2016.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS Standards Issued Not Yet Effective

The International Accounting Standards Board ("IASB") has issued the following new standards to November 7, 2017. These standards have not been applied in preparing MAXIM's third quarter 2017 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.

Financial Instruments

IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income.

Requirements for financial liabilities were added to IFRS 9 in October 2010, which largely carries forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

In November 2013, an amendment to IFRS 9 was issued which represents a substantial overhaul of hedge accounting that will better reflect risk management activities in the financial statements. In addition the amendment will enable entities to change the accounting for liabilities that they have elected to measure at fair value, before applying any of the other requirements in IFRS 9. This change in accounting would mean that gains caused by a worsening in an entity's own credit risk on such liabilities are no longer recognized in profit or loss.

In July 2014, the IASB completed the final element of IFRS 9. The IASB has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a more timely basis.

The new standard is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted whereby the standard must be applied retrospectively. Management has assessed the new standard and determined that there are three key areas of change: classification and measurement, expected credit loss model and hedge accounting. It is expected that there will be no significant impact from the classification and measurements changes based on MAXIM's existing financial assets and liabilities. In addition, the expected credit loss model will not impact MAXIM as counterparties for revenues from continuing operations where credit risk exists are with entities formed by governments for the purpose of facilitating commerce in the power and utility sector. Finally, there is no impact in the final key area as MAXIM does not have a past practice of utilizing nor does it anticipate commence utilizing hedge accounting. MAXIM will not be early adopting this new standard.

Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers, was issued in May 2014 and replaces IAS 18 and IAS 11 and related Interpretations. IFRS 15 establishes a model that will apply to revenue earned from a contract with a customer, except for those covered by standards on leases, insurance contracts and financial instruments. The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The new standard is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted whereby the standard must be applied retrospectively. Management has assessed the new standard and determined that the core principles in this standard do not differ from the existing revenue recognition policy used in the Corporation's continuing operations and as such, no financial impact is expected. MAXIM will not be early adopting this new standard.

In April 2016, an amendment to IFRS 15 was issued to provide clarifying information on interpretation of the standard. Specifically, the amendment clarifies performance obligations in a contract, determines whether a company is a principal and determines whether the revenue from granting a license should be recognized at a point in time or over time.

Leases

IFRS 16, Leases, was issued in January 2016 and replaces 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 November 7, 2017. These amendments have not been applied in preparing MAXIM's third 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
<i>IAS 28 Investments in Associates and Joint Ventures</i>	December 2016	January 1, 2018	Not applicable to MAXIM
<i>IAS 40 Transfers of Investment Property</i>	December 2016	January 1, 2018	Not applicable to MAXIM
<i>IFRS 1 First-time Adoption of IFRS</i>	December 2016	January 1, 2018	Not applicable to MAXIM
<i>IFRS 2 Share-Based Payments</i>	June 2016	January 1, 2018	No impact to MAXIM
<i>IFRS 4 Insurance Contracts</i>	September 2016	January 1, 2018	Not applicable to MAXIM
<i>IFRS 17 Insurance Contracts</i>	May 2017	January 1, 2021	Not applicable 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 nine months of 2017, 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 27 of the 2016 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 September 30, 2017; 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, 2017 and ended on September 30, 2017 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting. Apart from the remediation noted above, 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 September 30, 2017.

OTHER INFORMATION

Outstanding share data:

Issued common shares at September 30, 2017	54,615,491
Outstanding share options at September 30, 2017	1,539,341
Total diluted common shares at September 30, 2017	56,154,832
Total diluted common shares at November 7, 2017	56,154,832

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 for up to 200 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)
CCR	Carbon Competitiveness 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-D04-2016 issued by the AUC
Deerland	Deerland is a development project for a 190 MW natural gas-fired peaking station located near Bruderheim, Alberta
Emission Performance Credits	Emission performance credits are generated by facilities that have reduced emission of greenhouse gases by 12% since July 1, 2007
FERC	Federal Energy Regulatory Commission is the United States federal agency with jurisdiction over interstate electricity sales, wholesale electric rates, hydroelectric licensing, natural gas pricing and oil pipeline rates.
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
M1	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
M16S	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 M1, comprised of two natural gas-fired turbines located next to M1
MAXIM or the Corporation	Maxim Power Corp.
MD&A	Management's Discussion and Analysis
Milner	Milner Power Inc., a wholly owned subsidiary of MAXIM
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
SO2 Sulphur dioxide
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.