

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis ("MD&A") contains Forward-Looking Information ("FLI"). This information is based on certain estimates and assumptions and involve risks and uncertainties. Actual results may differ materially. See the FLI of this MD&A for additional information.

This MD&A is dated November 9, 2021 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, 2021. This MD&A should be read in conjunction with the audited consolidated financial statements and MD&A for the year ended December 31, 2020. MAXIM prepares its unaudited condensed consolidated interim financial statements in accordance with International Accounting Standard ("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.

TABLE OF CONTENTS

OVERALL PERFORMANCE.....	2
OUTLOOK.....	3
DEVELOPMENT INITIATIVES	4
FORWARD-LOOKING INFORMATION.....	4
SELECTED QUARTERLY FINANCIAL INFORMATION.....	6
FINANCIAL RESULTS OF OPERATIONS	6
LIQUIDITY AND CAPITAL RESOURCES	11
ENVIRONMENTAL AND CLIMATE CHANGE LEGISLATION.....	14
NON-GAAP MEASURES.....	15
CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES	16
RISK MANAGEMENT UPDATE	16
NEW ACCOUNTING PRONOUNCEMENTS	16
TRANSACTIONS WITH RELATED PARTIES.....	17
CONTROLS AND PROCEDURES	17
OTHER INFORMATION	17
GLOSSARY OF TERMS.....	18

OVERALL PERFORMANCE

Highlights

During the third quarter of 2021, MAXIM continued progress on the engineering and construction of the combined cycle gas turbine ("CCGT") expansion of Milner 2 ("M2") and is pleased to report that the project remains on schedule. Recent milestones include completion of pilings, successful foundation pour for the heat recovery boiler and the commencement of the heat recovery system installation. The estimated project costs have increased from \$125.0 million to \$135.0 million. The increase is primarily due to additional costs in relation to global supply chain constraints for offshore procurement required to maintain a scheduled commercial operation date in December 2022. These additional costs also include engineering and expenditures to repurpose components of the existing HR Milner ("Milner") plant and expand winterization of the CCGT unit. As at September 30, 2021, MAXIM has incurred \$44.9 million in relation to the CCGT expansion of M2 and has funded this spending with existing cash on hand and cash flow from operating activities.

On August 20, 2021, MAXIM announced that it has received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("NCIB") for 2021/2022. Under this NCIB, the Corporation may purchase for cancellation up to 2,400,000 common shares of the Corporation. As of September 30, 2021, the Corporation has not repurchased and cancelled any common shares under the program.

During the third quarter of 2021, MAXIM appeal to extend the 190 MW Deerland permit was denied by the Alberta Utilities Commission ("AUC"). As a result, MAXIM has chosen to terminate the project and has written off the full value of the assets under construction totaling \$5.3 million which was recognized in the third quarter of 2021.

During the third quarter of 2021, MAXIM recorded adjusted earnings before interest, taxes, depreciation and amortization, ("Adjusted EBITDA" ⁽¹⁾) of \$20.6 million as compared to Adjusted EBITDA of \$5.7 million in 2020. This brings Adjusted EBITDA for the first nine months of 2021 to \$51.5 million. A significant portion of the increase is the result of the operation of M2, which was commissioned in the second quarter of 2020. M2 generated 418,511 MWh and 1,132,102 MWh and realized average power prices of \$105.67 per MWh and \$104.76 per MWh in the third quarter of 2021 and first nine months of 2021, respectively.

(1) Adjusted EBITDA is a non-GAAP measure. See Non-GAAP Measures.

Key Performance Indicators ("KPI")

(\$000's, unless otherwise noted)	Three months ended		Nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Revenue	44,224	17,726	118,596	29,444
Adjusted EBITDA ⁽¹⁾	20,639	5,698	51,503	6,304
Net income	18,092	498	74,107	337
Basic earnings per share (\$ per share)	0.36	0.01	1.49	0.01
Diluted earnings per share (\$ per share)	0.30	0.01	1.21	0.01
Total generation (MWh) ⁽²⁾	418,511	349,756	1,132,102	499,558
Average Alberta market power price (\$ per MWh)	100.33	43.83	100.12	46.91
Average realized power price (\$ per MWh) ⁽²⁾	105.67	50.68	104.76	58.94
Total assets	296,604	235,915	296,604	235,915

(1) Adjusted EBITDA is a non-GAAP measure. See Non-GAAP Measures.

(2) Total generation and average realized power prices for 2021 relate to M2 and 2020 relate to both HR Milner ("Milner") and M2

Financial Results

During the third quarter of 2021, Adjusted EBITDA and revenues increased as compared to 2020 primarily due to higher realized power prices, higher generation and increased reliability of M2. M2 requires fewer resources to operate and pays significantly less carbon tax compared to the coal and natural gas-fired Milner facility. These favourable variances were partially offset by higher fuel costs due to higher generation volumes, higher per unit natural gas costs in the third quarter of 2021 and net realized losses on power and natural gas commodity swaps as compared to the same period in 2020.

Net income increased in the third quarter of 2021, with a significant portion due to the same factors impacting Adjusted EBITDA and unrealized gains on power and natural gas commodity swaps, partially offset by the impairment of Deerland, depreciation of M2 and recognition of a deferred tax expense.

During the first nine months of 2021, Adjusted EBITDA and net income increased as compared to 2020, primarily due to the same factors impacting the third quarter and due to the commencement of operations of M2 in June 2020, partially offset by temporary output restrictions due to local transmission maintenance work which was completed by the end of February 2021. In addition, net income in the first nine months of 2021 increased due to the recognition of the second and third payment of \$46.5 million from the Line Loss Proceedings.

OUTLOOK

Alberta Power Price

This following commentary represents FLI and users are cautioned that actual results may vary. Refer to the discussion of FLI on page 4 for further details.

In 2021, management began to observe an increase in power prices as a result of higher demand for electricity due to higher oil prices, reduced impact from coronavirus (“COVID-19”) and return of dispatch control of six coal-fired units, totaling 2,380 MW of generation capacity, from the Balancing Pool to independent power producers. These changes are reflected in the current forward power prices for 2021 as shown in the graph below which covers the period from 2021 through to 2025. Of note, beginning in 2022 forward power prices are expected to decline as new wind generation projects from the Alberta government renewable energy program are expected to come online. Forward power prices drop in 2022 and 2023 with the anticipated addition of new wind and gas-fired power generation projects, and begin to stabilize in 2024.

Current natural gas forward prices for the years 2021 through 2025 are consistent with the range of historical prices and in line with management’s expectations.



DEVELOPMENT INITIATIVES

The Corporation maintains optionality for all of its development initiatives in order to maximize shareholder value, including outright sale, joint venture, build and operate or pace development process to hold certain initiatives as future opportunities.

Current Project Developments

Management has commenced construction of the heat recovery technology required to expand M2 into a CCGT facility. The CCGT expansion will increase total generation capacity and operational efficiency resulting in lower O&M costs per MWh. The total anticipated costs for the CCGT construction and commissioning is \$135.0 million excluding borrowing costs and is expected to be in service by December 2022. In the first nine months of 2021, MAXIM has spent \$43.1 million on the M2 CCGT expansion.

The current estimated M2 CCGT project costs of \$135.0 million includes all costs spent on the CCGT expansion project from 2020 to present. Financing costs and historical costs of \$4.9 million incurred prior to 2020 are not included in this estimate. As at September 30, 2021, the Corporation has spent \$44.9 million towards the estimated \$135.0 million project costs, excluding financing costs.

Future Development Initiatives

All future development initiatives are at various stages of development and subject to, among other things, financing, development and permitting of necessary electrical transmission and fuel supply infrastructure, equipment procurement and various other commercial contracts. As at the date of this MD&A, no definitive commitments on these future development initiatives have been made.

In addition to M2 and the existing Milner facility, MAXIM has 346 MW of permits to develop power generation at the Milner site. During the second quarter of 2021, MAXIM's application for an extension of the 190 MW Deerland permit was denied by the Alberta Utilities Commission ("AUC"). In the third quarter of 2021, MAXIM appealed the decision and the AUC denied the appeal. As a result, MAXIM has chosen to terminate the project and has written off the full value of the assets under construction totaling \$5.3 million. MAXIM also has a wind development project, Buffalo Atlee, which has the potential for up to 200 MW of wind generation capacity. In the third quarter of 2021, MAXIM installed a new meteorological tower on the site lands to further expand and improve the quality of the project's wind resource data.

MAXIM maintains the flexibility to manage the timing of its development initiatives. MAXIM accounts for its development projects as assets under construction included in property, plant and equipment once technical and economic feasibility is established. If a project has not yet met, or no longer meets these criteria, any capitalized costs for the project are expensed in the period.

FORWARD-LOOKING INFORMATION

FLI and forward looking statements included in this MD&A are provided to inform the Corporation's shareholders and potential investors about management's assessment of the Corporation's future plans and operations. This information may not be appropriate for other purposes.

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.

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 and FLI 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 or FLI, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws. Certain information in this MD&A is 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 of capital and contractors to execute its development initiatives, the availability and price of energy commodities, government and regulatory decisions including carbon pricing, power plant availability, competitive factors in the power industry, foreign exchange and tax rates, the impact of pandemics, prevailing economic conditions in the regions that the Corporation operates, operational efficiency and planned or unplanned plant outages and the other risks described herein and under the heading "Risk Factors" in the Corporation's most recently filed annual information form filled on SEDAR at www.sedar.com.

With respect to forward-looking statements contained within this MD&A, MAXIM has made the following assumptions as at the date of this MD&A:

- MAXIM's operating cashflow is largely dependent on electric power and natural gas prices. Management forecasts that cash flows for operating, general and administrative expenses will be funded by its operating activities and existing cash on hand. MAXIM estimates total capital expenditures to be incurred in 2021 of approximately \$80.0 million to \$90.0 million. These expenditures will be funded with existing cash on hand, debt and operating cash flows, and primarily relate to expansion of M2 into a CCGT facility, forecasted purchase of capital spares and finalization of compliance projects for M2. Refer to the Development Initiatives section on page 4 for further discussion on capital spending.
- MAXIM anticipates compliance with all necessary provincial and federal regulations for environmental and climate change legislation and all necessary requirements of operating permits. Further changes to environmental legislation and operational issues may affect the ability of MAXIM to comply with regulations and may result in unplanned costs and plant outages.
- Other matters and factors described under the Outlook section on page 3.
- Refer to Risk Management in the Corporation's December 31, 2020 annual MD&A for further discussions of risks and uncertainties.

SELECTED QUARTERLY FINANCIAL INFORMATION

KPI's

Quarter ended: (unaudited) (\$000's unless otherwise noted)	30-Sep 2021	30-Jun 2021	31-Mar 2021	31-Dec 2020
Revenue	44,224	44,342	30,030	17,282
Adjusted EBITDA	20,639	21,441	9,423	3,998
Net income	18,092	29,589	26,426	8,923
Basic net income per share (\$ per share)	0.36	0.59	0.53	0.18
Diluted net income per share (\$ per share)	0.30	0.48	0.43	0.18
Average realized power price (\$ per MWh)	105.67	113.96	92.54	51.10
Total generation (MW)	418,511	389,101	324,490	338,201

Quarter ended: (unaudited) (\$000's unless otherwise noted)	30-Sep 2020	30-Jun 2020	31-Mar 2020	31-Dec 2019
Revenue	17,726	4,460	7,258	4,972
Adjusted EBITDA	5,698	(1,589)	2,195	(2,185)
Net income (loss)	498	(1,167)	1,006	(2,173)
Basic and diluted net income (loss) per share (\$ per share)	0.01	(0.02)	0.02	(0.04)
Average realized power price (\$ per MWh)	50.68	41.48	171.45	66.92
Total generation (MW)	349,756	107,501	42,301	74,181

Quarter over quarter revenue, Adjusted EBITDA and net income (loss) are affected by planned and unplanned outages, market demand, power and natural gas prices, weather conditions and seasonal nature of Alberta power prices. Alberta power prices tend to be higher during winter and summer peak load months and are further affected by supply constraints such as outages at other Alberta generation facilities. Reported revenue, Adjusted EBITDA and net income began to increase in the third quarter of 2020 due to the commencement of operations of M2 in June 2020. Reported revenue and net income increased in the first nine months of 2021 due to the higher generation volumes of M2 and higher realized power prices. In addition to the factors noted above, net income (loss) is affected by certain non-cash and non-recurring transactions as follows:

The third quarter of 2021 included asset impairment charges of \$5.3 million, \$1.6 million of deferred tax expense and \$4.7 million of commodity swap gains. The second quarter of 2021 included the Line Loss Proceeding payments of \$18.6 million, \$8.3 million of deferred tax expense and commodity swap losses of \$6.3 million. The first quarter of 2021 included the Line Loss Proceeding payments of \$27.9 million, \$8.3 million of deferred tax expense and commodity swap losses of \$4.0 million.

The fourth quarter of 2020 included a Line Loss Proceeding payment of \$6.4 million, commodity swap losses of \$0.3 million and \$3.3 million of deferred tax benefits. The third quarter of 2020 included commodity swap gains of \$0.2 million and \$0.6 of deferred tax expense. The second quarter of 2020 included commodity swap losses of \$0.5 million and \$3.8 million of deferred tax benefits. The first quarter of 2020 included commodity swap gains of \$0.9 million. The fourth quarter of 2019 included a \$1.2 million gain on sale of assets, \$1.1 million in asset impairment charges and commodity swap gains of \$0.9 million.

FINANCIAL RESULTS OF OPERATIONS

Revenue

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Revenue	44,224	17,726	118,596	29,444

Revenue in the third quarter of 2021 increased \$26.5 million to \$44.2 million from \$17.7 million in 2020, primarily due to higher realized power prices and increased generation volumes. M2 generated 418,511 MWh of electricity in the third quarter of 2021, as compared to generation of 349,756 MWh in 2020. M2 realized prices of \$105.67 per MWh in the third quarter of 2021, as compared to \$50.68 per MWh in 2020.

Revenue in the first nine months of 2021 increased \$89.2 million to \$118.6 million from \$29.4 million in 2020, primarily due to increased generation volumes, as a result of increased generation capacity through the operation of M2 as compared to Milner and commissioning of M2 in the second quarter of 2020 and higher realized power prices in 2021. M2 generated 1,132,102 MWh of electricity in the first nine months of 2021, as compared to the combined generation from Milner and M2 of 499,558 MWh in 2020. M2 realized prices of \$104.76 per MWh in the first nine months of 2021, as compared to Milner and M2 at \$58.94 per MWh in 2020.

Plant Operations

Plant operations expenses are grouped into two major categories, fuel and O&M.

Three months ended September 30 (\$000's)	2021			2020		
	Fuel	O&M	Total	Fuel	O&M	Total
Total	15,605	3,053	18,658	8,859	2,844	11,703
Percent	84%	16%	100%	76%	24%	100%
\$ Per MWh	37.29	7.29	44.58	25.33	8.13	33.46

Nine months ended September 30 (\$000's)	2021			2020		
	Fuel	O&M	Total	Fuel	O&M	Total
Total	39,993	9,203	49,196	12,858	9,244	22,102
Percent	81%	19%	100%	58%	42%	100%
\$ Per MWh	35.33	8.13	43.46	25.74	18.50	44.24

The percentage of plant operation expenses incurred under fuel and O&M changed significantly upon commissioning M2 in the second quarter of 2020. M2 is considerably more efficient than Milner, however M2 consumes significantly more fuel through higher generation volumes, while incurring lower O&M expenses per MWh. This is observed in the percentage allocation above and in the \$ per MWh as fuel costs increased significantly under the operations of M2, while maintaining lower O&M costs on a per MWh basis in the third quarter and first nine months of 2021 as compared to Milner in the same period in 2020.

Fuel expenses in the third quarter of 2021 increased \$6.7 million, or 75% to \$15.6 million from \$8.9 million in 2020, primarily due to higher per unit natural gas costs in 2021 and higher generation volumes as compared to the same period in 2020. O&M expenses in the third quarter of 2021 were \$3.1 million, which is comparable to the same period in 2020.

Fuel expenses in the first nine months of 2021 increased \$27.1 million to \$40.0 million from \$12.9 million in 2020, primarily due to higher generation volumes of M2, as compared to both M2 and Milner in 2020 and higher per unit natural gas costs in 2021 as compared to the same period in 2020. O&M expenses in the first nine months of 2021 was \$9.2 million, which is comparable to the same period in 2020.

General and Administrative Expense

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Total general and administrative expense	1,113	1,042	3,595	2,917

General and administration expense in the third quarter of 2021 was \$1.1 million, which is comparable to the same period in 2020.

General and administration expense in the first nine months of 2021 increased by \$0.7 million, or 24%, to \$3.6 million from \$2.9 million in 2020 primarily due to lower general and administrative capital allocations to the M2 project and increased legal fees.

Depreciation and Amortization Expense

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Total depreciation and amortization	2,161	2,146	5,966	3,398

Depreciation and amortization expense in the third quarter of 2021 was \$2.2 million, which is comparable to the same period in 2020.

Depreciation and amortization expense in the first nine months of 2021 increased \$2.6 million to \$6.0 million from \$3.4 million in 2020, due to the depreciation of M2 which began in the second quarter of 2020.

Asset Impairment Charge

During the third quarter of 2021, the Corporation was notified by the Alberta Utilities Commission that the appeal for a time extension of the Deerland peaking station permit was denied. As a result, the Corporation has terminated the project and written off the full value of the assets under construction totaling \$5.3 million recognized as asset impairment charge.

Other Expense (Income), Net

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Other expense (income), net	24	(48)	(46,946)	670

Other expense in the third quarter of 2021 was nil, which is comparable to the same period in 2020.

In the first nine months of 2021, other income increased to \$46.9 million as compared to other expense of \$0.7 million in 2020. The increase is primarily due to the recognition of the second and third payment of \$46.5 million from the Line Loss Proceedings and the non-recurrence of restructuring costs incurred in 2020.

Loss (Gain) on Commodity Swaps

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Realized loss (gain) on power swaps	5,474	(484)	17,592	(1,400)
Realized gain on natural gas swaps	(1,544)	(163)	(2,961)	(163)
Total realized loss (gain) on commodity swaps	3,930	(647)	14,631	(1,563)
(\$000's)	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Unrealized loss (gain) on power swaps	(3,912)	728	313	1,045
Unrealized gain on natural gas swaps	(4,674)	(237)	(9,338)	(75)
Total unrealized loss (gain) on commodity swaps	(8,586)	491	(9,025)	970
Total realized and unrealized loss (gain) on commodity swaps	(4,656)	(156)	5,606	(593)

In the third quarter and first nine months of 2021, MAXIM realized losses of \$3.9 million and \$14.6 million, respectively, on Alberta power and natural gas price risk management swaps, as compared to the same period in 2020 which realized gains of \$0.6 million and \$1.6 million, respectively. These gains and losses are due to settled Alberta power and natural gas prices deviating from the fixed swap price. In the third quarter and first nine months of 2021, Alberta power prices settled significantly higher than the price of MAXIM's fixed swap price, as compared to the same period in 2020 where Alberta prices settled lower than the price of MAXIM's fixed swap price.

In the third quarter and first nine months of 2021, MAXIM has an unrealized gain of \$8.6 million and \$9.0 million, respectively, on Alberta power and natural gas price risk management swaps, as compared to the same period in 2020 which has unrealized losses of \$0.5 million and \$1.0 million, respectively. These gains and losses are due to Alberta power and natural gas forward prices deviating from the fixed swap price.

Finance Expense, Net

(\$000's)	Three months ended		Nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Interest expense and bank charges	1,400	1,534	4,247	2,178
Amortization of deferred financing costs	479	470	1,235	1,511
Loss (gain) on interest rate swaps	2	9	(9)	79
Gain on modification of debt	-	-	(1,752)	-
Accretion of provisions	17	20	46	54
Foreign exchange loss (gain)	16	(114)	(101)	140
Finance expense	1,914	1,919	3,666	3,962
Interest income	(42)	(22)	(112)	(180)
Total finance expense, net	1,872	1,897	3,554	3,782

In the third quarter of 2021, net finance expense was \$1.9 million which is comparable to the same period in 2020.

In the first nine months of 2021, net finance expense decreased to \$3.6 million from \$3.8 million in 2020. The decrease is primarily due to a gain recognized on the modification of the senior and subordinated credit facilities, partially offset by interest on loans and borrowings as these costs are no longer capitalized after the commissioning of M2.

Deferred Income Tax Expense (Benefit)

(\$000's)	Three months ended		Nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Total income tax expense (benefit)	1,613	644	18,171	(3,169)

In the third quarter of 2021, MAXIM has an income tax expense of \$1.6 million as compared to \$0.7 million in 2020 due to MAXIM generating higher income before taxes in the third quarter of 2021.

In the first nine months of 2021, MAXIM has an income tax expense of \$18.2 million as compared to an income tax benefit of \$3.2 million in 2020 due to the same factor impacting the third quarter.

Financial Position

The following highlights the changes in the Corporation's Consolidated Statement of Financial Position at September 30, 2021, as compared to December 31, 2020.

As at (\$000's)	September 30, 2021	December 31, 2020	Increase (Decrease)	Primary factors explaining change
Assets				
Cash and cash equivalents	26,024	12,261	13,763	Increased as a result of the collection of line loss proceeds and operating activities, partially offset by loan repayments and capital expenditures
Trade and other receivables and risk management asset	22,067	6,952	15,115	Increased as a result of higher revenues
Property, plant and equipment, net	230,265	183,939	46,326	Increased as a result of capital additions for M2, partially offset by depreciation
Net other assets, net	18,248	36,158	(17,910)	Decrease in deferred tax asset reflecting deferred tax expense
Liabilities & Equity				
Trade and other payables and risk management liability	10,099	13,426	(3,327)	Decreased due to payment of SCGT payables partially offset by payables from the construction of the CCGT expansion of M2
Loans and borrowings	53,215	66,775	(13,560)	Decreased as a result of repayment of debt, partially offset by additional financing costs
Provision for decommissioning and other long-term liability	10,544	11,199	(655)	Decreased due to an increase in discount rates
Equity	222,746	147,910	74,836	Increased primarily due to net income for the period

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management is anticipating that cash flows for operating and general and administrative expenses will be funded by MAXIM's existing cash on hand and operating activities. Cash flows for construction of the CCGT expansion of M2, including the increase in estimated project costs, will be funded by the Corporation's existing cash on hand, operating activities and debt. As at September 30, 2021, MAXIM has up to \$122.1 million of borrowing capacity remaining under its senior credit facilities and subordinated convertible loan and \$26.0 million of unrestricted cash.

Senior Credit Facility

On June 30, 2021, the Corporation entered into an amended and restated credit agreement that increases the senior credit facilities from \$42.5 million to \$105.0 million to support financing requirements of the CCGT expansion of M2, existing operations, letters of credit and hedging. The \$105.0 million facility matures on June 30, 2026 and amounts available under the facility are as follows:

- Bank Term Facility #1 is the remaining original term facility with \$28.5 million outstanding and will continue without being repaid until the CCGT expansion of M2 is complete, at which point it will amortize over seven years based on the current anticipated completion date of the project. This facility is fully drawn and no additional amounts are available.
- Revolver Facility #1 is the original \$10.0 million revolver which is unchanged and continues to be available for general corporate purposes. This facility is undrawn.
- Revolver Facility #2 increased from \$4.0 million to \$5.0 million, however is available for the CCGT expansion of M2 and operating purposes on a revolving basis, until the CCGT expansion of M2 is completed, and for general corporate purposes on a revolving basis thereafter. This facility is undrawn.
- Bank Construction Facility is a \$27.4 million facility and is available only for the CCGT expansion of M2 on a non-revolving basis, with amortization required over ten years commencing on completion of the CCGT expansion of M2. This facility is undrawn.
- Fixed Rate Construction Facility is a \$30.0 million facility and is available only for the CCGT expansion of M2 on a non-revolving basis up to January 31, 2022, with amortization required over five years commencing on completion of the CCGT expansion of M2. This facility is undrawn.
- Letter of Credit Facility is a \$4.1 million facility and is available to be drawn to issue letters of credit. This facility can be cash collateralized or used to be drawn on to issue or replace letters of credit. As at September 30, 2021, the Corporation has \$4.0 million in cash collateralized letters of credit. Cash of the same amount was deposited into a restricted bank account maintained by the bank.

The senior credit facility is secured by the assets of the Corporation, bear interest at fixed rates and Canadian prime rate, bankers acceptance or Canadian dollar offered rate, plus applicable margins. MAXIM is responsible for funding the first \$32.6 million of the project, after which financing from the revolver facility #2, the bank construction facility and the fixed rate construction facility become available to finance the project.

This amended debt financing is subject to financial covenants and the Corporation is compliant with these covenants as at September 30, 2021. These financial covenants include: a debt service coverage ratio of not less than 1.25:1.00 determined as at the last day of each financial quarter on a rolling four quarter basis, a debt to Adjusted EBITDA ratio of 3.00:1.00 determined as at the last day of each financial quarter on a rolling four quarter basis and a minimum tangible assets of 95% of the tangible assets of select entities named under the agreement.

Convertible Loan Facility

On June 30, 2021, the Corporation amended the \$75.0 million convertible loan to make it available for the construction of the CCGT expansion of M2 and any wind power projects agreed with the lenders, and to extend the maturity date to September 25, 2026 at a fee of \$0.8 million which was paid on June 30, 2021. The convertible loan continues to be subordinated to the Senior Credit Facilities, convertible into common shares at \$2.25 per share, at the option of the lenders, bears interest at 12% per annum and is secured by the assets of the Corporation. As at September 30, 2021, MAXIM is in compliance with all covenants related to this facility. The convertible feature of the loan was valued at \$nil at the date of issuance and therefore no amount has been reflected as equity on the statements of financial position. As at September 30, 2021, the Corporation has \$29.4 million (December 31, 2020 - \$29.4 million) outstanding.

The convertible loan was provided by two significant shareholders of the Corporation, one of whom is the Chief Executive Officer and Chairman of the Board and the other is Vice Chairman of the Board. Total interest and fees paid under this facility, not including the amendment fee, during the three and nine months ended September 30, 2021 was \$1.1 million and \$3.0 million, respectively (September 30, 2020 - \$0.6 and \$0.6, respectively).

Letter of Credit Facility

The Corporation has a demand credit facility that requires full cash collateralization of letters of credit on a non-revolving basis. As at September 30, 2021, the Corporation has \$2.2 million of outstanding letters of credit and cash of the same amount was deposited into a restricted bank account maintained by the bank. There are no financial covenants under this credit agreement.

Cash flow summary:

At September 30, 2021, the Corporation had unrestricted cash of \$26.0 million included in the net working capital surplus of \$39.2 million (see working capital on page 13). Unrestricted cash balances are on deposit with one Canadian financial institution.

Nine months ended September 30 (\$000's)	2021	2020
Cash on hand, unrestricted, January 1	12,261	20,924
Cash flow generated from (used in) operations	88,552	(3,398)
Cash flow generated from (used in) financing	(17,261)	11,616
Available for investments	83,552	29,142
Cash flow generated used in investing	(57,499)	(23,288)
Effect of foreign exchange rates on cash	(29)	(83)
Unrestricted cash	26,024	5,771
Undrawn Convertible Loan	45,562	45,562
Undrawn Senior Credit Facilities	76,500	4,000
Net liquidity available, September 30	148,086	55,333

Cash flow generated from operations in the first nine months of 2021 increased to \$88.6 million from an outflow of \$3.4 million in 2020, which is an increase of \$92.0 million. The increase is primarily due to higher revenues and the receipt of the second and third payment from the Line Loss Proceedings, partially offset by higher O&M, realized losses on commodity swaps and changes in non-cash working capital. See working capital section below for further discussion.

During the first nine months of 2021, MAXIM's cash flow used in financing activities increased \$28.9 million to \$17.3 million in 2021, from an inflow of \$11.6 million in 2020, primarily due to using cashflows from operations, after capital spending, to repay loans and borrowings, issuance costs and interest paid on the loans and borrowings in 2021.

MAXIM's investing activities in the first nine months of 2021 represented a cash outflow of \$57.5 million, increasing from \$23.3 million in 2020. During the first nine months of 2021, MAXIM spent \$56.9 million primarily on advancing engineering and construction of the CCGT expansion of M2 and on capital spares relating to M2, changes in non-cash working capital of \$0.7 million, partially offset by interest income of \$0.1 million.

MAXIM's investing activities in the first nine months of 2020 represented a cash outflow of \$23.3 million. During 2020, MAXIM spent \$19.0 million on the development of the simple cycle phase of M2 and changes in non-cash working capital of \$4.5 million. This amount was partially offset by interest income of \$0.2 million.

The following table represents the net capital of the Corporation:

As at (\$000's)	September 30, 2021	December 31, 2020
Loans and borrowings	53,215	66,775
Less: Unrestricted cash	(26,024)	(12,261)
Net debt	27,191	54,514
Shareholders' equity	222,746	147,910
Capital	249,937	202,424
Net debt to capital	10.9%	26.9%

The Corporation uses the percent of net debt to capital to monitor leverage. The decrease in net debt to capital from December 31, 2020 to September 30, 2021 is primarily due to increased cashflows from operations, receipt of the second and third Line Loss Proceeding payments and repayment of loans and borrowings.

Working Capital

The Corporation has a working capital surplus of \$39.2 million at September 30, 2021, which represents a \$33.7 million increase from the working capital surplus of \$5.5 million at December 31, 2020. The total increase is comprised of a \$28.7 million increase in current assets which was partially offset by a \$5.0 million decrease in current liabilities.

The increase in current assets was due to a net increase of \$13.7 million in unrestricted cash, which was primarily due the receipt of the second and third Line Loss Proceeding payments and an increase in operating income, as well as, an increase in accounts receivable of \$7.5 million due to increased revenues and an increase in risk management assets of \$7.3 million and prepaid expenses of \$0.2 million.

The decrease in current liabilities was due to a \$1.9 million decrease in accounts payable primarily due the payment of payables relating to deferred vendor payments, capital spares and the CCGT expansion of M2, a \$1.7 million decrease in the current portion of loans and borrowings and a decrease in risk management liabilities of \$1.4 million.

Capital Resources

The Corporation is currently anticipating capital expenditure costs of approximately \$80.0 million to \$90.0 million for the full year of 2021. These expenditures primarily relate to advancing engineering and construction for expanding M2 into a CCGT facility, capital spares and finalization of compliance projects for M2.

Contractual Obligations and Contingencies

In the normal course of operations, MAXIM assumes various contractual obligations and commitments. MAXIM considers these obligations and commitments in its assessment of liquidity.

As at September 30, 2021	Total	2021	2022-2023	2024-2025	Thereafter
Long-term debt ⁽¹⁾	79,314	1,168	12,465	17,200	48,481
Long-term contracts ⁽²⁾	13,842	945	7,560	5,337	-
Purchase obligations ⁽³⁾	16,262	11,905	4,357	-	-
Total	109,418	14,018	24,382	22,537	48,481

(1) Long-term debt obligations are comprised of the principal and interest payments

(2) Long-term contracts are comprised of natural gas transportation agreements

(3) Purchase obligations include commitments with suppliers for the engineering, construction, procurement and maintenance of M2.

For the current significant outstanding contingencies, refer to Note 20 of the 2020 Annual Audited Consolidated Financial Statements. The changes to the contingent asset during the three and nine months ended September 30, 2021 are included below:

For the three and nine months ended September 30, 2021, the Corporation collected nil and \$46.5 million, respectively, pertaining to the Line Loss Proceeding payments which has been recognized as other income and increased the total amount collected under the claim to \$52.9 million. The claim under this matter has been fully collected.

ENVIRONMENTAL AND CLIMATE CHANGE LEGISLATION

Risks

MAXIM is exposed to risks in potential legislation that have yet to be enacted. Management has assessed that the most significant risks in potential future legislation are greenhouse gas stringency and, more remotely, legislation that phases out natural gas-fired generation entirely, similar to the regulatory actions taken in recent years surrounding coal-fired generation.

Provincial Carbon Tax

In 2015, the Government of Alberta ("GoA") announced its Climate Leadership Plan ("CLP"). The CLP recommended that Alberta move forward on phasing out coal-fired electricity generation by 2030 and encourages more renewable energy. Under the CLP, the GoA replaced the existing Specified Gas Emitters Regulation with the Carbon Competitiveness Incentive Regulation ("CCIR") which came into effect on January 1, 2018. The CCIR required electricity generators to pay \$30 per tonne of carbon dioxide equivalents ("CO₂e") on emissions above what Alberta's cleanest natural gas-fired plant would emit to generate the same amount of electricity.

On October 30, 2019, the GoA released the Technology Innovation and Emissions Reduction Regulation ("TIER") which replaced CCIR on January 1, 2020. The impacts to the electricity industry are largely similar under TIER and CCIR including a carbon price of \$30/tonne for 2020 and \$40/tonne for 2021, and based on a "good as best gas" intensity limit of 0.37 tonnes of CO₂e/MWh above which generators are taxed for carbon emissions, notwithstanding exemptions for new units (until 2023).

In 2018, the Government of Canada enacted regulations to create a federal carbon pricing plan. The Greenhouse Gas Pollution Pricing Act became effective on January 1, 2019 and acts as a backstop to any province that has not implemented a compliant carbon pricing regime. Based on the current compliant carbon pricing regime in Alberta, these enacted regulations do not have an impact on carbon emitters in the Alberta power market. If the Alberta provincial government modifies or repeals the price of carbon, these regulations are anticipated to impact Alberta carbon emitters. On December 11, 2020, the Government of Canada announced its *A Healthy Environment and a Healthy Economy plan*, with intentions to increase carbon pricing by \$15/tonne, per year, beginning in 2023 until 2030. This increase has not been enacted and management continues to assess the impact to M2 and other development projects.

Additional Federal Restrictions on Carbon Dioxide Emissions

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

As at the date of this MD&A, MAXIM anticipates that it will continue to be permitted to run Milner at a 9% capacity factor until December 31, 2029 subject to utilizing coal for a portion of its fuel. Alternatively, MAXIM currently anticipates that if Milner does not include coal as a fuel source, it would not comply with the regulations for coal to gas conversions. Management is currently maintaining the ability to operate the existing Milner facility as a dual fuel-fired facility at a 9% capacity factor.

The M2 project, as a new facility, is subject to the TIER carbon tax, but exempt until January 1, 2023, and is not otherwise adversely impacted by any of the provincial or federal legislation above.

NON-GAAP MEASURES

Management evaluates MAXIM's performance using a variety of measures. The non-GAAP measures discussed below should not be considered as an alternative to or to be more meaningful than revenue, net income attributable to shareholders of the Corporation or net cash generated from operating activities, as determined in accordance with GAAP, when assessing MAXIM's financial performance or liquidity.

These measures do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies.

Adjusted EBITDA

(\$000's)	Three months ended		Nine months ended	
	September 30	September 30	September 30	September 30
	2021	2020	2021	2020
GAAP Measures from Condensed Consolidated Statement of Income				
Net income	18,092	498	74,107	337
Income tax expense (benefit)	1,613	644	18,171	(3,169)
Finance expense, net	1,872	1,897	3,554	3,782
Asset impairment charge	5,347	-	5,347	-
Depreciation and amortization	2,161	2,146	5,966	3,398
	29,085	5,185	107,145	4,348
Adjustments:				
Other expense (income)	24	(48)	(46,946)	670
Unrealized loss (gain) on commodity swaps	(8,586)	491	(9,025)	970
Share-based compensation	116	70	329	316
Adjusted EBITDA	20,639	5,698	51,503	6,304

Adjusted EBITDA is calculated as described above and adjusts for specific items that are not reflective of the Corporation's underlying operations and excluding other non-cash items.

Adjusted EBITDA is provided to assist management and investors in determining the Corporation's approximate operating cash flows attributable to shareholders before finance expense, income taxes, depreciation and amortization, and certain other non-recurring or non-cash income and expenses. Financing expense, income taxes, depreciation and amortization are excluded from the Adjusted EBITDA calculation, as they do not represent cash expenditures that are directly affected by operations. Management believes that presentation of this non-GAAP measure provides useful information to investors and shareholders as it assists in the evaluation of performance trends. Management uses Adjusted EBITDA to compare financial results among reporting periods and to evaluate MAXIM's operating performance and ability to generate funds from operating activities.

In calculating Adjusted EBITDA for the three and nine months ended September 30, 2021 and September 30, 2020 management excluded certain non-cash and non-recurring transactions. In both 2021 and 2020, Adjusted EBITDA excluded all items of other income including: Line Loss Proceeds, Deerland impairment, restructuring of Alberta operations, net proceeds from the option to sell Forked River land and option to sell Summit LP, as well as unrealized gains and losses on commodity swaps and share-based compensation.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The judgements and estimates used in the preparation of the condensed consolidated interim financial statements have 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, 2020.

RISK MANAGEMENT UPDATE

As a result of COVID-19, certain staff at MAXIM have been working remotely to follow the guidelines provided by government authorities while ensuring that MAXIM maintains its normal status of operations. The Corporation has observed that the frequency and sophistication of cyberattacks continues to increase. Management believes that this increase in attempts is a direct result of the opportunity present from employees working remotely. These attacks may use a variety of techniques that include the targeting of individuals and the use of sophisticated malicious software and hardware, or a combination of both, to evade the technical and administrative safeguards that are in place. The Corporation continues to monitor this risk to ensure it maintains integrity of its systems and enhance safeguards to address these threats accordingly.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS Standards Issued Not Yet Effective and Amendments

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

TRANSACTIONS WITH RELATED PARTIES

The Corporation did not enter any related party transactions during the first nine months of 2021, with the exception of the amendment to the convertible loan facility (page 12), related interest and fees (page 12) and 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 10b and 22 of the 2020 Annual Audited Consolidated Financial Statements.

CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design of internal controls over financial reporting ("ICFR") and disclosure controls of the Corporation. In accordance with National Instrument NI 52-109, the CEO and CFO have filed certifications that ICFR and disclosure controls have been adequately designed, and that there have been no changes in ICFR that materially affected, or are reasonably likely to materially affect ICFR, during the quarter ended September 30, 2021, with the exception of the remediation in the design of the control over the preparation and review of the calculation of diluted EPS within financial reporting through implementation of necessary review procedures.

OTHER INFORMATION

Outstanding share data (restated):

Issued common shares at September 30, 2021	50,042,866
Shares issuable on conversion of convertible loan at September 30, 2021	13,083,736
Outstanding share options at September 30, 2021	2,560,282
Total diluted common shares at September 30, 2021	65,686,884
Shares purchased and cancelled under NCIB in October and November 2021	(10,915)
Total diluted common shares at November 9, 2021	65,675,969

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 of 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)
COVID-19	Coronavirus
CCIR	Carbon Competitiveness Incentive Regulation
CCGT	Combined Cycle Gas Turbine
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLP	Climate Leadership Plan
CO₂e	Carbon Dioxide Equivalent
Deerland	Deerland is a development project for a 190 MW natural gas-fired peaking station located near Bruderheim, Alberta
Adjusted EBITDA	Adjusted earnings before Interest, Taxes, Depreciation and Amortization
EPC	Engineering, Procurement and Construction
EPS	Earnings Per Share
FLI	Forward-looking information
GAAP	IFRS, as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants
GoA	Government of Alberta
IAS	International Accounting Standards
ICFR	Internal Controls over Financial Reporting
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicators
Milner	HR Milner, a 150 MW (nameplate capacity) generating facility located near the town of Grande Cache, Alberta has been in continuous operation since 1972 and was acquired by MAXIM on March 31, 2005
M2	Milner 2, a gas expansion initiative to develop up to 520 MW natural gas-fired generating facility, previously known as MGE
MAXIM or the Corporation	Maxim Power Corp.
MD&A	Management's Discussion and Analysis
MW	Megawatt, a measure of electrical generating capacity that is equivalent to one million watts
MWh	Megawatt-hour, a measure of electricity consumption equivalent to the use of 1,000,000 watts of power over a period of one hour
O&M	Operations and maintenance
TIER	Technology Innovation and Emissions Reduction Regulation
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.