MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated May 6, 2014 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Maxim Power Corp. ("MAXIM" or the "Corporation") for the three months ended March 31, 2014. The MD&A should also be read in conjunction with the audited consolidated financial statements and MD&A for the year ended December 31, 2013. The unaudited condensed consolidated interim financial statements do not include all the information required for the annual financial statements. 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"). In this MD&A, MAXIM also reports certain non-GAAP measures. See page 16 for an explanation of non-GAAP measures.

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 and is subject to important risks and uncertainties. The results or events predicted in this information may differ from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Corporation to implement its strategic initiatives, the availability and price of energy commodities, government and regulatory decisions, plant availability, competitive factors in the power industry and prevailing economic conditions in the regions that the Corporation operates. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. The Corporation believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These forward-looking statements speak only to the date of this MD&A. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws.

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

- Future capital expenditures are estimated based upon planned maintenance projects and production levels at each facility.
- Development projects, including Summit Coal ("SUMMIT"), Milner expansion, Deerland, and Buffalo Atlee, are based upon current estimates of capital cost, projected returns on investment, the duration of the regulatory approval process, and the ability to obtain the necessary financing.
- MAXIM expects that the long-run average price forecast for metallurgical coal will remain strong, which is expected to allow for the economically viable development of SUMMIT.
- Management estimates that cash flows from operations will meet commitments and scheduled maintenance programs throughout the next twelve months as of the balance sheet date. This estimate is based upon current budgets and forecasts. Interruptions to production, higher than anticipated operating costs, lower realized electricity prices, unfavourable moves in interest rates and foreign exchange rates, failure of counterparties to meet their obligations, and various other factors may inhibit the Corporation from meeting its obligations.
- MAXIM has credit facilities to support liquidity requirements of the Corporation. The facilities are margined on accounts receivable and property, plant and equipment and are subject to financial covenants; therefore, the ability to draw on these facilities is dependent upon operating performance.
- MAXIM estimates total capital expenditures of $46.1 million to be incurred in 2014. These costs are based upon estimates and may differ from the actual costs to complete.
- In determining potential development sites, management estimates future electricity demand and power prices in these areas. The actual future demand and power prices in these areas may be different from expected.
- MAXIM anticipates all necessary provincial, state and federal regulations for environmental and climate change legislation will be met. Changes to environmental legislation may affect the ability of MAXIM to comply with regulations.
- MAXIM anticipates that it will continue to maintain a working capital surplus over the next twelve months.
- MAXIM was in compliance with all financial covenants on its credit facilities as at March 31, 2014 and anticipates meeting these covenants throughout the next twelve months.
- MAXIM expects power prices in Alberta to be weaker in 2014 compared to 2013.

OVERALL PERFORMANCE

Highlights and Notable Events

On April 16, 2014, the Alberta Utilities Commission ("AUC") rendered its decision with respect to applications made to review and vary its previous decision on a complaint made by the Corporation on transmission loss factor rules and loss factor methodologies adopted by the Alberta Electric System Operator ("AESO") and applied in the Alberta wholesale electricity market for the period from 2006 to 2008. The AUC has upheld the complaint made by the Corporation that the current ISO Line Loss Rules contravene the Transmission Regulation and are unjust, unreasonable, unduly preferential, arbitrarily or unjustly discriminatory and inconsistent with or in contravention of the 2003 Electric Utilities Act. The AUC will proceed with the second phase of its consideration of Milner's complaint to determine the relief or remedy to be given. MAXIM anticipates that these proceedings will establish compensation to MAXIM. As at the date of this MD&A, an estimate of this amount and its timing cannot be made.

The Federal Energy Regulatory Commission ("FERC") has continued its non-public confidential inquiry related to MAXIM's supply of electricity to the ISO New England market. FERC's Office of Enforcement ("OE") communicated to MAXIM its preliminary findings on this matter. OE is asserting that MAXIM received unjust gains of approximately $23 million for which it should be required to repay amounts not already repaid (MAXIM repaid approximately $3 million in 2010 through the ISO-NE mitigation program), and pay a civil penalty calculated based on the amount of unjust gains. The preliminary findings of the OE do not constitute a finding or order of FERC. MAXIM and its external legal counsel strongly disagree with the preliminary findings of OE and have made a submission to OE and FERC refuting these allegations. No provision has been recorded in the first quarter financial statements related to this matter as in the opinion of management after seeking external legal advice, as of the date of this MD&A, it is not probable that a liability exists.

On March 18, 2014, MAXIM announced that several offers were received for both of the Corporation's investments in the United States and France that were not compelling. MAXIM will continue to operate these businesses as usual, work to bring the previously reported FERC Inquiry in the United States to resolution, and investigate further sales opportunities as they arise.

On February 5, 2014, the ISO-NE announced the conclusion of the Forward Capacity Market ("FCM") auction. The amount paid to existing power system resources commencing in June 2017 will be US$7.025/kW per month, which is an increase from the current rate of $2.951/kW per month. As a result, higher capacity rates will have a positive impact on the results of MAXIM's three natural-gas fired facilities in the region.

On January 15, 2014, Alberta Environment and Sustainable Resource Development ("AESRD") approved MAXIM's application to recognize 191,911 tonnes of Emission Performance Credits pertaining to Alberta's Greenhouse Gas Reduction Program ("Emission Performance Credits"), which were generated by MAXIM in 2012. MAXIM has estimated the value of these Emission Performance Credits to be up to $15.00 per tonne. These Emission Performance Credits provide a future benefit to MAXIM as they can be sold in the Alberta emissions market or used as an offset against greenhouse gas emissions from coal-fired generation.

MAXIM's results were positively impacted in the first quarter of 2014 by higher realized power prices and higher generation in the Northeast U.S. First quarter Northeast U.S. power prices averaged $282.28 per MWh in 2014, representing a $41.90 per MWh or 17% increase from the $240.38 per MWh average price in the first quarter of 2013. First quarter generation in the Northeast U.S. increased from 34,109 MWh in 2013 to 56,371 in 2014, representing a 22,262 MWh or 65% increase.

Key Performance Indicators

Three months ended March 31 ($000's, unless otherwise noted)	2014	2013
Revenue	69,132	55,504
Adjusted EBITDA(1)	16,573	14,067
Adjusted net income(1)	3,815	4,990
Net income attributable to shareholders	3,487	4,586
Basic and diluted net income per share ($ per share)	0.06	0.08
Funds from operating activities before changes in working capital ("FFO")(2)	15,001	14,114
Total assets	410,741	383,525
Loans and borrowings	58,963	60,730
Generation (MWh)	338,221	302,202
Average Alberta power price - market ($ per MWh)	60.59	65.30
Average Alberta power price – Milner realized ($ per MWh)	78.93	95.43
Average U.S. power price - Northeast U.S. realized (US$ per MWh)	282.28	240.38

(1) Select financial information was derived from the unaudited condensed consolidated interim financial statements and is prepared in accordance with GAAP, except adjusted EBITDA, and adjusted net income. Adjusted EBITDA is provided to assist management and investors in determining the Corporation's approximate operating cash flows attributable to shareholders before interest, income taxes, depreciation and amortization and certain other income and expenses. Adjusted net income is used to compare MAXIM's results among reporting periods without consideration of unrealized gains and losses and to evaluate MAXIM's performance attributable to shareholders. Adjusted EBITDA and adjusted net income do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. Refer to the Non-GAAP measures sections of this MD&A for reconciliations between non-GAAP financial measures and comparable measures calculated in accordance with GAAP.

(2) Funds from operating activities before changes in working capital ("FFO") is an Additional GAAP measure provided to assist management and investors in determining the Corporation's cash flows generated from operations before the cash impact of working capital fluctuations. Refer to the Additional GAAP measures section of this MD&A for a discussion on how MAXIM uses FFO to assess the Corporation's operations.

Financial Results

Revenue, adjusted EBITDA, and FFO have improved in the first quarter of 2014 when compared to 2013. The increases in these financial measures are primarily due to higher generation and improved pricing in the Northeast U.S., partially offset by lower pool pricing in Alberta.

Adjusted net income and net income decreased in the first quarter of 2014 when compared to the same period in 2013. The decrease in these financial measures is primarily due to an increase in finance expense as a result of foreign exchange exposures with intercompany loans denominated in Euros and United States dollars, for which MAXIM incurred a foreign exchange loss on a weaker dollar. Further decreasing these financial measures was an increase in income tax expenses, primarily due to MAXIM earning more income before income taxes in the United States and France, where both countries have higher statutory tax rates.

RESULTS OF OPERATIONS

Summary of generation by segment:

Three months ended March 31	2014		2013	
	MWh	% of Total	MWh	% of Total
Canada - Milner	183,797	54	158,282	52
Canada - Other	13,576	4	16,446	6
United States	56,371	17	34,109	11
France	84,477	25	93,365	31
Total MWh Generation	338,221	100	302,202	100

The above table includes the operating results of the Hartland facility until it was sold by MAXIM with a closing date of September 6, 2013. Forked River and Basin Creek are excluded as these facilities provide capacity in exchange for monthly capacity payments.

Revenue

Summary of revenue by segment:

Three months ended March 31 ($000's)	2014	2013
Canada - Milner	14,512	15,114
Canada - Other	748	895
United States	25,530	14,822
France	28,342	24,673
Revenue	69,132	55,504

First quarter revenue earned by MAXIM increased from $55.5 million in 2013 to $69.1 million in 2014, which is an increase of $13.6 million or 25%. The increase in revenue in the Northeast U.S. is primarily due to a higher realized price, increased generation, and a 9% appreciation of the U.S. dollar relative to the Canadian dollar compared to the first quarter of 2013. Higher revenue in France is due to the 14% appreciation of the Euro relative to the Canadian dollar compared to the first quarter of 2013. These increases are partially offset by a decline in revenue at both Milner and the Canada – Other operating segment.

Canada - Milner:

Milner generated first quarter revenue of $14.5 million in 2014, which was a decrease of $0.6 million or 4% as compared to $15.1 million in 2013. The decrease in revenue was primarily due to a decrease in Alberta power pricing, which led to a lower realized price. This was partially offset by higher generation as a result of MAXIM derating less as a result of higher coal usage for fuel resulting in less generating flexibility than the prior period. Milner realized an average price of $78.93 per MWh of generation during the period, which represents a $16.50 per MWh or 17% decrease in comparison to $95.43 per MWh realized in 2013.

Realized prices fluctuate based on Alberta power prices as established in the Alberta Power Pool for the actual hours run. Milner is able to realize a higher average price than the Alberta power price because the facility generated more electricity per hour during periods of higher pricing as opposed to reduced generation during certain periods of lower power prices.

Canada - Other:

First quarter revenue earned from other Canadian operations decreased from $0.9 million in 2013 to $0.7 million in 2014, which was a decrease of $0.2 million or 22%. The decrease in revenue was due to the sale of the Hartland facility, which occurred in the third quarter of 2013.

United States:

First quarter revenue in the United States increased from $14.8 million in 2013 to $25.5 million in 2014, which was an increase of $10.7 million or 72%. The increase was primarily due to a higher realized price as well as higher generation in the Northeast U.S., as a result of cold-weather based demand. Further improving operating results was the appreciation of the U.S. dollar relative to the Canadian dollar during the first quarter of 2014 as compared to the same period in 2013.

France:

First quarter revenue earned from the France operations increased from $24.7 million 2013 to $28.3 million in 2014, which was an increase of $3.6 million or 15%. The increase in operating results was due to the appreciation of the Euro relative to the Canadian dollar during the first quarter of 2014 as compared to the same period in 2013.

Summary of revenue by form of sales contract:

Three months ended March 31 ($000's)	2014	2013
Electricity, thermal heat and capacity sales at fixed prices	37,155	32,187
Electricity sales at spot prices	31,977	23,317
Revenue	69,132	55,504

First quarter fixed price revenue increased from $32.2 million in 2013 to $37.2 million in 2014, which is an increase of $5.0 million or 16%. This increase is primarily due to higher revenue in France as a result of the appreciation of the Euro relative to the Canadian dollar during the first quarter of 2014 as compared to the same period in 2013. Further increasing fixed price revenue was higher thermal heating demand at CDECCA due to cold-weather based demand, and the appreciation of the U.S. dollar relative to the Canadian dollar during the first quarter of 2014 as compared to the same period in 2013.

First quarter electricity sales at spot prices increased from $23.3 million in 2013 to $32.0 million in 2014, which is an increase of $8.7 million or 37%. The increase is primarily due to higher generation and a higher realized price in the Northeast U.S., primarily due to cold-weather based demand. Partially offsetting this increase is a decrease in electricity revenue at Milner as a result of lower Alberta power prices.

Plant Operations

Summary of plant operations expense by type and segment:

Three months ended March 31	2014			2013		
($000's)	Fuel	O&M	Total	Fuel	O&M	Total
Canada - Milner	7,246	5,594	12,840	6,762	4,641	11,403
Canada - Other	-	403	403	6	709	715
United States	14,195	6,323	20,518	5,491	4,621	10,112
France	13,258	5,841	19,099	11,764	5,881	17,645
Total	34,699	18,161	52,860	24,023	15,852	39,875
Percent	66%	34%	100%	60%	40%	100%

First quarter total plant operating expenses during the year increased from $39.9 million in 2013 to $52.9 million in 2014, which was an increase of $13.0 million or 33%. An increase in the Milner, United States, and France plant operating costs were partially offset by lower operating costs in the Canada – Other segment, as described below.

Canada – Milner:

First quarter Milner O&M costs increased $1.0 million or 22%, from $4.6 million in 2013 to $5.6 million in 2014, which is primarily due to true-ups related to plant personnel costs.

First quarter Milner fuel costs increased $0.4 million or 6%, from $6.8 million in 2013 to $7.2 million in 2014, which is primarily due to an increase in generation as well as the cost of fuel, partially offset by improved plant efficiency.

Canada – Other:

First quarter other Canadian plant operating expenses decreased $0.3 million or 43%, from $0.7 million in 2013 to $0.4 million in 2014. The decrease is primarily a result of lower operating costs at the Gold Creek facility as a result of lower service contract costs, lower operating costs at the VLF facility due to internalizing the O&M function, and the disposal of the Hartland facility, which occurred in the third quarter of 2013.

United States:

First quarter O&M expenses in the United States increased $1.7 million or 37%, from $4.6 million in 2013 to $6.3 million 2014. The increase is primarily due to costs associated with the FERC inquiry, inspection costs at the Pawtucket facility that related to capacity supply obligations, and an increase in service contract costs at the Pittsfield facility. Further increasing O&M costs was the appreciation of the U.S. dollar relative to the Canadian dollar during the first quarter of 2014 as compared to the same period in 2013.

First quarter fuel costs in the United States increased $8.7 million or 158%, from $5.5 million in 2013 to $14.2 million in 2014. The increase is primarily due to higher generation in the Northeast U.S., as well as an increase in fuel prices. Further increasing fuel costs was the appreciation of the U.S. dollar relative to the Canadian dollar during the first quarter of 2014 as compared to the same period in 2013.

France:

First quarter O&M expenses in France were $5.8 million in 2014, which is comparable to the same period in 2014. France had a decrease in O&M expenses in its domestic currency. This was primarily due to an insourcing of the O&M function and lower generation, which resulted in cost savings. This decrease is offset by an appreciation of the Euro relative to the Canadian dollar during the first quarter of 2014 as compared to the same period in 2013.

France fuel expenses in the first quarter increased $1.5 million or 13% from $11.8 million in 2013 to $13.3 million in 2014. The increase in fuel costs was due to the appreciation of the Euro relative to the Canadian dollar during first quarter of 2014 as compared to the same period in 2013. Lower generation volumes in the quarter were offset by higher gas costs on a per unit basis.

General and Administrative Expense

Three months ended March 31 ($000's)	2014	2013
Total general and administrative expense	1,636	2,101

General and administration expense in the first quarter decreased from $2.1 million in 2013 to $1.6 million in 2014, which is a decrease of $0.5 million or 24%. This decrease is primarily due to expenses incurred in 2013 related to MAXIM reviewing strategic alternatives.

Depreciation and Amortization Expense

Three months ended March 31 ($000's)	2014	2013
Total depreciation and amortization expense	7,827	6,350

Depreciation expense in the first quarter increased from $6.4 million in 2013 to $7.8 million in 2014, which is an increase of $1.4 million or 22%. The increase is primarily due to an increase in the asset base in France and Milner as well as the appreciation of the Euro and U.S. dollar relative to the Canadian dollar during the first quarter of 2014 as compared to the same period in 2013.

Gain on Commodity Swaps

Three months ended March 31 ($000's)	2014	2013
Realized gain on commodity swaps	-	305
Unrealized gain on commodity swaps	-	685
Total gain on commodity swaps	-	990

MAXIM has not entered into any commodity swap agreements in 2014 and beyond.

In the first quarter of 2013, MAXIM recorded a $0.3 million realized gain and a $0.7 million unrealized gain on a fixed for floating financial commodity price swap. The swap agreement was for the period of January to December 2013. This swap required MAXIM to pay the counterparty a fixed price per MWh for 25 MW of power and in turn MAXIM would receive a floating price based on the Alberta power price.

Loss on Derivative Coal Contract

Three months ended March 31 ($000's)	2014	2013
Total unrealized loss on derivative coal contract	437	1,224

MAXIM had a first quarter $0.4 million unrealized loss on the derivative coal contract in 2014, as compared to a $1.2 million loss in 2012. This unrealized loss relates to the long-term coal supply agreement for Milner. The loss is a non-cash item caused by a decline in the fair value of the derivative coal contract, which is due primarily to a decrease in the futures price of thermal coal. By the expiry of the amended coal supply contract on December 31, 2015, any unrealized gains or losses previously recorded will have fully reversed. Moreover, the corresponding derivative coal contract liability will not likely result in a cash settlement because MAXIM has no obligation to resell the coal received under the contract. MAXIM currently intends to use the coal in the normal course of operations.

This derivative coal contract is a Level III liability under IFRS, which arose from MAXIM remarketing excess coal in 2011. The Level III fair value for the coal agreement has been determined using valuation techniques with inputs that are observable such as Newcastle coal futures prices until the end of 2015, ranging from $74.73 per tonne to $78.15 per tonne (March 31, 2013 - $86.92 per tonne to $96.08 per tonne) in U.S. dollars, and the Canadian to United States dollar foreign exchange forward prices, ranging from $1.102 to $1.115 (March 31, 2013 - $1.019 to $1.042), as well as unobservable inputs such as historical margins on previous coal remarketing agreements. This Level III liability resides in the Canada – Milner operating segment.

Other Income

Three months ended March 31 ($000's)	2014	2013
Other income	2,158	422

Other income in the first quarter of 2014 was $2.2 million, which is composed of a $1.7 million non-cash gain on the approval of emission performance credits, $0.3 million related to insurance proceeds and performance penalties from France service providers, and $0.2 million related to insurance proceeds for equipment failure at Pittsfield.

Other income in the first quarter of 2013 was $0.4 million, which relates to receiving performance penalties from France service providers and insurance proceeds.

Finance Expense, Net

Three months ended March 31 ($000's)	2014	2013
Interest expense	844	796
Amortization of deferred financing costs	19	29
Accretion of provisions	56	60
Foreign exchange loss	1,337	210
Finance expense	2,256	1,095
Interest income	(3)	(2)
Total finance expense, net	2,253	1,093

Net finance expense incurred in the first quarter increased from $1.1 million in 2013 to $2.3 million in 2014. The variance is primarily due to an increase in the foreign exchange loss from $0.2 million in 2013 to $1.3 million in 2014, which is caused primarily by the impact of the appreciation of the US dollar and the Euro on foreign denominated intercompany liabilities held in Canada. This foreign exchange loss is offset by a gain in other comprehensive income.

Income Tax Expense

Three months ended March 31 ($000's)	2014	2013
Current	1,725	558
Deferred	945	1,014
Total income tax expense	2,670	1,572

MAXIM’s income tax expense in the first quarter increased from $1.6 million in 2013 to $2.7 million in 2014. The increase is primarily a result of an increase in income before income taxes in the U.S. and France, where both countries have higher statutory tax rates compared to Canada, which has resulted in an increase in the effective tax rate.

Financial Position

The following highlights changes in the unaudited condensed consolidated Statement of Financial Position from December 31, 2013 to March 31, 2014.

As at ($000's)	March 30, 2014	December 31, 2013	Increase (Decrease)	Primary factors explaining change
Assets				
Cash and cash equivalents	35,613	21,362	14,251	Operating cash inflows exceed financing and investing inflows
Trade and other receivables	31,114	28,150	2,964	Seasonality of MAXIM's operations
Inventories	25,222	24,735	487	Required purchases of coal inventory
Property, plant and equipment, net	237,211	235,082	2,129	Favourable foreign exchange translation of U.S. and France capital assets and purchase of equipment offset by depreciation of assets
Net deferred tax assets	11,165	12,608	(1,443)	Taxable earnings in the first quarter of 2014 resulting in lower net deferred tax assets
Net other assets	52,125	56,370	(4,245)	Decrease in prepayments and deposits on fuel inventory, as well as an increase in deferred revenue related to capacity payments in France
Liabilities & Equity				
Trade and other payables	29,752	27,674	2,078	Seasonality of MAXIM's operations
Derivative coal contract	4,077	3,640	437	Decrease in the futures price of thermal coal resulting in an increase in the value of the liability
Loans and borrowings	58,963	59,122	(159)	Scheduled debt and lease payments, offset by a draw on the BMO revolver
Provisions for decommissioning	18,903	17,619	1,284	Decrease in interest rates resulted in an increase in the present value of the provision
Equity	280,755	270,252	10,503	Net income earned during the period and impact of the change in foreign exchange rate movements on self-sustaining operations

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

MAXIM utilizes existing cash, cash flows from operations and revolving credit facilities to provide liquidity to the Corporation’s operations in order to finance maintenance-of-business capital expenditures, and to finance development initiatives. MAXIM plans for major maintenance initiatives and preserves cash and credit through its revolving credit facilities to finance these initiatives. In certain years, it is possible that capital requirements will exceed these sources of financing. In these situations, MAXIM will arrange for debt financing.

MAXIM has up to $40.0 million in borrowing capacity under its revolving BMO credit facility, under which the Corporation at March 31, 2014, has the ability to margin the full amount against the Corporation’s Canadian accounts receivable balance and property, plant and equipment. This facility matures on August 31, 2016. As at March 31, 2014, this facility had an outstanding balance of $17.2 million, comprised of $11.8 million of issued letters of credit and $5.4 million in drawn credit.

In France, MAXIM has a working capital facility with a French bank up to an aggregate of Euro 1.4 million at March 31, 2014. Euro nil was drawn against this facility as at this date. At the date of this MD&A, this facility has expired.

Cash flow summary:

Three months ended March 31 ($000's)	2014	2013
Cash on hand, unrestricted, January 1	21,362	11,332
Cash flow from operations:		
• FFO	15,001	14,114
• Changes in working capital	3,712	(1,670)
Cash flow used in financing	(3,235)	(5,602)
Available for investments	36,840	18,174
Cash flow generated used for investing activities	(1,907)	(2,025)
Effect of foreign exchange rates on cash	680	49
Cash on hand, unrestricted, March 31	35,613	16,198
Undrawn revolving credit facility	25,001	21,559
Net liquidity available, March 31	60,614	37,757

FFO in the first quarter increased from $14.1 million in 2013 to $15.0 million in 2014, which is an increase of $0.9 million or 6%. The increase is primarily due to higher power prices and increased generation in the Northeast U.S., as well as an appreciation of the U.S. dollar relative to the Canadian dollar during the first quarter of 2014 as compared to the first quarter of 2013. Further increasing FFO were improved operating results in France due to the appreciation of the Euro relative to the Canadian dollar during the first quarter of 2014 as compared to the same period in 2013.

Fluctuations in working capital in the first quarter represented a cash outflow of $1.7 million in 2013 compared to a cash inflow of $3.7 million in 2014. See page 11 for further discussion of working capital.

During the first quarter of 2014, MAXIM's debt and capital lease repayments exceeded financing cash inflows, resulting in a net financing outflow of $3.2 million during the year. MAXIM's financing outflows included debt and capital lease repayments of $7.6 million and $0.2 million respectively, and $0.9 million in interest payments. Partially offsetting these inflows were the issuances of long-term debt from the revolving BMO credit facility for $5.5 million.

During the first quarter of 2013, MAXIM's debt and capital lease repayments exceeded financing cash inflows, resulting in a net financing outflow of $5.6 million during the year. MAXIM's debt and capital lease repayments were $3.0 million and $0.5 million respectively, a $1.6 million reduction in bank indebtedness and $0.8 million in interest payments. Partially offsetting these outflows were the issuance of common shares for $0.3 million.

MAXIM's first quarter 2014 investing activities represented a cash outflow of $1.9 million, which primarily consisted of $1.7 million in property, plant and equipment ("PP&E") purchases and $0.3 million in changes in non-cash working capital. These purchases were partially offset by a $0.1 million decrease in restricted cash. The $1.7 million in PP&E expenditures is comprised of $0.5 million on improvements to Milner, $0.3 million on improvements at Pittsfield, $0.3 million on facility renovations in France, $0.3 million on the development of Deerland, and $0.3 million on other development initiatives as well as improvements to North American facilities.

MAXIM's first quarter 2013 investing activities represented a cash outflow of $2.0 million, which primarily consisted of $1.6 million in PP&E purchases and a $0.7 million increase in non-cash working capital related to PP&E purchases. These outflows were partially offset by a $0.3 million decrease in restricted cash. The $1.6 million in PP&E expenditures is comprised of $0.6 million on the development of Mine 14, $0.5 million on improvements to the Milner facility, $0.2 million on the development of Deerland, $0.2 million on renovations to facilities in France and $0.1 million on other North American facilities.

The following table represents the net capital of the Corporation:

As at ($000's)	March 31, 2014	December 31, 2013
Long-term debt	55,687	55,773
Capital lease obligation	3,276	3,349
Less: Unrestricted cash (net of bank indebtedness)	(35,613)	(21,362)
Net debt	23,350	37,760
Shareholders' equity	279,891	269,683
Net capital	303,241	307,443
Net debt to capital	7.7%	12.3%

The Corporation uses net debt to capital to monitor leverage. The decrease in net debt from December 31, 2013 to March 31, 2014 is primarily due to an increase in cash as a result of improved financial results and monetization of working capital balances. Further decreasing net debt is an increase in shareholder's equity, which is primarily due to net income earned during the period as well as an increase in accumulated other comprehensive income due to the impact of the change in foreign exchange rates on MAXIM's foreign operations.

MAXIM complied with all financial covenants on its credit facilities as at March 31, 2014 and anticipates meeting these covenants for the next twelve months.

Working Capital

The Corporation's working capital surplus of $54.9 million at March 31, 2014 represents a $9.2 million increase from the working capital surplus of $45.7 million at December 31, 2013. The total increase was due to a $13.0 million increase in current assets, and a $3.8 million increase in current liabilities.

The increase in current assets is primarily due to a $14.2 million increase in unrestricted cash, a $3.0 million increase in accounts receivable primarily due to higher first quarter revenue, and a $0.5 million increase in inventory as a result of coal purchase obligations under Milner's supply agreement. Partially offsetting these increases is a $4.0 million decrease in prepaid expenses and deposits as a result of MAXIM receiving coal deliveries for prepayments that were made at the end of 2013, as well as a returned deposit related to natural gas purchases from a fuel supplier in the Northeast U.S., and a $0.7 million decrease in income taxes receivable.

The increase in current liabilities is due to a $1.2 million increase in trade and other payables, a $0.9 million increase in income taxes payable as a result of higher income taxable earnings in the U.S., a $1.0 million increase in deferred revenue as a result of receiving summer capacity payments in France, a $0.1 million increase in the current portion of long-term debt, and a $0.6 million increase in the current portion of the derivative coal contract as a result of a decrease in the 2014 thermal coal futures pricing.

MAXIM anticipates that it will continue to maintain a working capital surplus over the next twelve months.

Contractual Obligations

Contractual obligations have decreased significantly in the first quarter of 2014 in the France segment as a result of reducing the term of the largest service provider contract. There have been no further material changes to contractual obligations during the first quarter of 2014.

Contingencies

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 outcome is 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.

FERC has continued its non-public confidential inquiry related to MAXIM's supply of electricity to the ISO New England market. FERC's OE communicated to MAXIM its preliminary findings on this matter. OE is asserting that MAXIM received unjust gains of approximately $23 million for which it should be required to repay amounts not already repaid (MAXIM repaid approximately $3 million in 2010 through the ISO-NE mitigation program), and pay a civil penalty calculated based on the amount of unjust gains. The preliminary findings of the OE do not constitute a finding or order of FERC. MAXIM and its external legal counsel strongly disagree with the preliminary findings of OE and have made a submission to OE and FERC refuting these allegations.

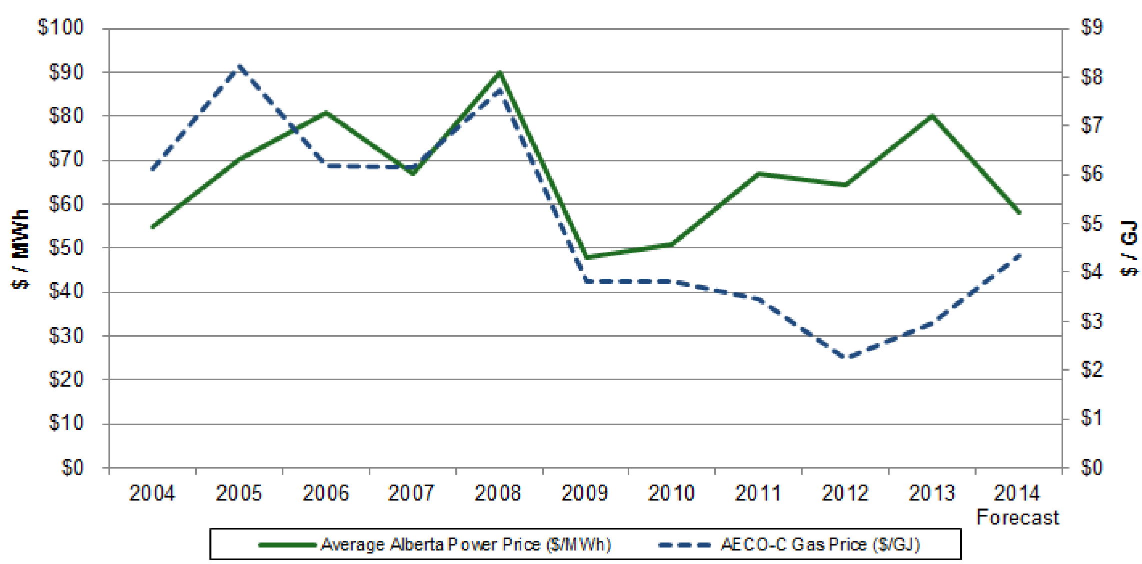
In addition to the regulatory inquiry described in the preceding paragraph, the Corporation has received claims for additional costs from suppliers in France. Costs in relation to these claims and potential claims are only recognized when they become probable and based on the information presently known it is the view of the Corporation that these claims and potential claims are without merit. 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.

Capital Resources

The Corporation is currently estimating capital and development expenditures of approximately $45.1 million for 2014. These expenditures include $26.3 million on facility renovations in France, $3.8 million on the development of Deerland, $2.6 million on the Milner turnaround as well as an additional $0.8 million on other plant improvements at the Milner facility, $4.5 million on plant improvements at the Pittsfield facility, $2.3 million on plant improvements at the Forked River facility, $1.6 million on plant improvements at the Pawtucket facility, $1.8 million for the full development of Milner's ash management site and the development of M2, and $1.4 on other development projects as well as capital projects at other North American facilities. Management plans to fund the France renovations with approximately 80% debt financing. Remaining expenditures will be financed through cash flows from operations and existing cash balances.

OUTLOOK

The Corporation's outlook is significantly impacted by Alberta electricity and fuel prices. Alberta electricity prices are a key revenue determinant for MAXIM's Milner facility. Alberta electricity 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 electricity price to Alberta natural gas price since deregulation of the electric industry in Alberta. The break in correlation is the result of tighter generation capacity relative to demand since 2011, which led to higher power prices from 2011 to 2013. With new generation expected to come online, power prices in Alberta are expected to be weaker in 2014.



Natural gas prices on a spot and forward basis are such that coal is expected to be the preferred fuel choice for the balance of 2014. The use of coal would have a positive impact on fuel costs at Milner as well as reduce MAXIM's cash requirements by using existing inventory and purchasing less natural gas. MAXIM will continue to evaluate its fuel blend and use more coal when it is economically prudent to do so.

In the Northeast U.S., growing demand for natural gas as a fuel source for power generation, as well as constraints on existing gas pipeline infrastructure, have increased natural gas price volatility during periods of peak gas consumption. This volatility is expected to have a positive impact on MAXIM's power plants as energy margins are positively correlated to natural gas prices, resulting in higher margins at higher gas prices. Natural gas price volatility is expected to persist until natural gas supply constraints in the region are addressed.

ACQUISITION AND DEVELOPMENT INITIATIVES

MAXIM is continuing its IPP strategy through the advancement of its development initiatives as described herein. Supply and demand for electricity, reserve margins, tariff structures, and the regulatory environment will be key fundamental factors in determining the pace at which to pursue opportunities. Demand is highly correlated to economic growth.

Deerland

As previously reported, MAXIM received regulatory approvals to construct and operate the Deerland peaking station, a 190 MW natural gas-fired peaking facility. Deerland is the only permitted peaking development project in the province of Alberta as at the date of this MD&A. MAXIM has entered into agreements to secure firm natural gas transportation service for the Deerland peaking station. MAXIM expects that full-scale construction of the facility will commence pending commercial arrangements, which the Corporation is actively pursuing. The Corporation incurred costs in 2014 related to engineering and design, determining the natural gas pipeline selection route, and consultations with landowners. Additional costs will be incurred in 2014 to secure the right of way for the gas pipeline and to advance the electrical interconnection and engineering work.

SUMMIT

SUMMIT is MAXIM's development initiative located north of Grande Cache, Alberta that owns metallurgical coal leases for M14 and 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.

In 2013, MAXIM 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, metallurgical coal for shipment to export markets, and 350,000 tonnes of fuel grade coal suitable for power production at MAXIM's H.R. Milner generating station. M14 is permitted for a run-of-mine production rate of to 1,300,000 tonnes per year. This approval, coupled with approvals for the Coal Beneficiation Plant, provide SUMMIT with all of the requisite government and regulatory approvals to construct and operate M14.

MAXIM had previously entered into a ten-year terminal services agreement with Ridley Terminals Inc. This agreement provides MAXIM with firm terminal capacity and terminal processing services commencing January 1, 2015. This agreement will enable SUMMIT's proposed coal production to access the valuable seaborne metallurgical coal market. In 2014, MAXIM is reviewing options to secure delivery dates for mining equipment. In order to meet the objectives of the Corporation in relation to SUMMIT, further capital expenditures in the range of approximately $6.1 million are required to be made from the date of this MD&A through to the first quarter of 2015.

The Corporation considers the advancement of the M14 and M16S development projects strategic for MAXIM in part because of the value of metallurgical coal and in part due to Milner's ability to utilize tailings and lower quality fuels, which are by-products of the beneficiation of coal, to produce electricity. Despite the recent drop in near-term quarterly pricing for metallurgical coal, the long-run average price forecast has remained strong, which will allow for the economically viable development of SUMMIT.

Milner Expansion ("M2")

The AUC has granted MAXIM approval to develop a new 500 MW coal-fired generating facility adjacent to the existing 150 MW generating facility ("M1"). A lengthy public consultation and regulatory process culminated in the project's final approval by the AUC on August 10, 2011. On September 12, 2012, the Government of Canada enacted new greenhouse gas legislation that limits the amount of carbon dioxide emitted by coal-fired generation facilities. Refer to the Environmental Emissions Legislation section of this MD&A, below, for further discussion. As a result of new greenhouse gas legislation, on November 15, 2013, MAXIM submitted amendments to both the AUC and AESRD for the existing M2 permit that would convert the M2 fuel source from coal to natural gas. MAXIM expects approval of these submissions by the third quarter of 2014. The corporation incurred costs in 2014 related to engineering and consulting work for permit amendments. In 2014, MAXIM will incur further costs on engineering consultation.

Financing

MAXIM requires capital (debt and equity) 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 property, plant, and equipment. 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

On September 12, 2012, the Government of Canada enacted regulations to reduce carbon dioxide emissions from coal-fired generation facilities. These new regulations limit carbon dioxide emissions for power plants commissioned after July 1, 2015 to 420 tonnes of carbon dioxide for each gigawatt hour produced. In addition to this, power plants built before 1975 are able to operate at full capacity until the earlier of 50 years after the commissioning date and December 31, 2019. Moreover, power plants built after 1974 are able to operate until the earlier of 50 years after the commissioning date and December 31, 2029. The Milner facility was commissioned in 1972, and accordingly, is allowed to operate to its full capacity to December 31, 2019. After December 31, 2019, Milner is allowed to operate at an annual capacity factor of up to 9%, which is approximately 113,500 MWh per annum, until December 31, 2029, based on its current carbon dioxide emission levels. As previously mentioned, MAXIM is determining the impact of the enacted regulations on the development of M2.

In 2012, and previous to that year, MAXIM was able to procure and generate nitrogen oxide ("NOx") credits at the Milner facility. As of January 1, 2013, MAXIM has commenced consumption of these credits. Under current legislation, MAXIM anticipates fully consuming these credits during 2015 and will identify alternative options of mitigation thereafter. The rate of consumption of these credits is driven by coal-fired generation and as such may fluctuate given changes in the levels of production and the fuel source used for production at Milner.

MAXIM also has been able to generate sulphur dioxide ("SO2") credits at the Milner facility up to December 31, 2012. Under current legislation, MAXIM anticipates that these credits would not be exhausted until beyond 2020. Similar to the NOx credits, the consumption of these credits is driven by coal-fired generation and as such may fluctuate given changes in the levels of production and the fuel source used for production.

The state of environmental regulation in the U.S. remains fluid. In the U.S. Congress, various pieces of federal legislation that would limit GHG emissions have been introduced, but Congress has not enacted such climate change legislation to date, and is not expected to do so in the foreseeable future.

Regulations promulgated and proposed by the U.S. Environmental Protection Agency limit GHG emissions from certain new and expanded power plants. Such regulations could apply to certain future modifications of MAXIM's U.S. facilities, although no such modifications are currently planned. The U.S. Environmental

Protection Agency has announced that it plans to propose additional GHG regulations under existing law applicable to existing power plants, although such regulations are not scheduled to be proposed until June 2014 and are not scheduled to be fully implemented until June 2016.

MAXIM is in compliance with currently enacted environmental legislation. Such legislation includes the Climate Change and Emissions Act (Alberta) and the Regional Greenhouse Gas Initiative, which limit carbon dioxide production of facilities located in Alberta and the Northeast U.S., respectively. In the European Union, MAXIM's France operating segment meets all current emission guidelines.

Until proposed U.S. regulations have been finalized, management does not have sufficient information to assess and quantify their future implications on the finances and competitive position of the Corporation. Management is not aware of any new legislation or environmental policies affecting current European Union regulations.

SELECTED QUARTERLY FINANCIAL INFORMATION

Key performance indicators

Quarter ended: *(unaudited) ($000's)*	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013	31-Mar 2013	31-Dec 2012	30-Sep 2012	30-Jun 2012
Revenue	69,132	36,807	45,046	36,383	55,504	51,180	41,607	17,961
Net revenue (1)	69,132	36,807	45,046	36,383	55,504	51,155	41,620	17,961
Adjusted EBITDA(1)	16,573	(3,633)	14,828	14,337	14,067	9,642	16,612	(1,313)
Adjusted net income (loss)(1)	3,815	(9,812)	9,685	5,720	4,990	566	9,766	(3,658)
Net income (loss) attributable to shareholders	3,487	(9,082)	7,640	6,446	4,586	1,372	8,343	(8,991)
Basic and diluted income (loss) per share attributable to shareholders	0.06	(0.17)	0.14	0.12	0.08	0.03	0.15	(0.17)
FFO(2)	15,001	(3,867)	13,632	13,387	14,114	8,304	16,700	(1,212)
Total assets	410,741	394,450	383,364	379,640	383,525	379,479	360,121	353,125
Average Alberta electricity price ($ per MWh)	61	49	84	123	65	79	78	40
Average Milner realized electricity price ($ per MWh)	79	50	109	179	95	98	135	67
Average Northeast U.S. realized electricity price ($USD per MWh)	282	151	116	98	240	163	71	72

(1) Net revenue, adjusted EBITDA and adjusted net income (loss) are not measures under GAAP and may not be comparable to similar measures presented by other companies. Refer to the Non-GAAP measures section of this MD&A for reconciliation of these non-GAAP measures from comparable measures calculated in accordance with GAAP.

(2) FFO is an Additional GAAP measure provided to assist management and investors in determining the Corporation's cash flows generated from operations before the cash impact of working capital fluctuations. Refer to the Additional GAAP measures section of this MD&A for a discussion on how MAXIM uses FFO to assess the Corporation's operations.

Quarter over quarter net revenue and adjusted EBITDA are affected by planned and unplanned outages, market demand, market prices, timing of acquisitions and divestitures, and weather conditions. Net revenue and adjusted EBITDA are also affected by seasonal 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. Similarly, results in the Northeast U.S. tend to trend with weather based demand during the winter and summer peak periods.

In addition to the factors noted above, net income (loss) attributable to shareholders is affected by certain non-cash transactions.

The first quarter of 2014 had a $0.4 million unrealized loss on the derivative coal contract, and a $1.7 million gain on the approval of emission performance credits.

The first quarter of 2013 had a $1.2 million unrealized loss on the derivative coal contract and a $0.7 million unrealized gain on a firm financial commodity swap. The second quarter of 2013 had a $1.3 million unrealized gain on a firm financial commodity swap and a $0.3 million unrealized loss on the derivative coal contract. The third quarter of 2013 had a $1.1 million unrealized loss on the derivative coal contract, a $1.6 million unrealized loss on a firm financial commodity swaps, and a $0.7 million gain from sale of Hartland. The fourth quarter of 2013 had a $1.2 million unrealized gain on the derivative coal contract and a $0.2 million unrealized loss on a firm financial commodity swap.

The second quarter of 2012 had a $7.1 million unrealized loss on derivative coal contract. The third and fourth quarter of 2012, respectively, had a further $2.0 million and $1.3 million unrealized loss on the derivative coal contract. The third and fourth quarter of 2012 had a $0.1 million unrealized gain and a $0.2 million unrealized loss, respectively, on a firm financial commodity price swap.

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.

Net Revenue

Net revenue from continuing operations is provided to assist management and investors in determining revenue earned after adding or subtracting the realized gain or loss, respectively, from power price swaps. The realized impact of floating for fixed price commodity financial swaps is included in the gain on commodity swaps line of MAXIM's unaudited condensed consolidated interim statement of income, while gains or losses on physical hedges or fixed price sales are presented as part of the net revenue line.

Adjusted EBITDA

Three months ended March 31 ($000's)	2014	2013
GAAP Measures from Condensed Consolidated Statement of Income		
Net income	3,607	4,701
Income taxes	2,670	1,572
Finance expense, net	2,253	1,093
Depreciation and amortization	7,827	6,350
EBITDA	16,357	13,716
Adjustments:		
Unrealized loss on derivative coal contract	437	1,224
Unrealized gain on commodity swaps	-	(685)
Share-based compensation	27	64
EBITDA from non-controlling interests	(248)	(252)
Adjusted EBITDA	16,573	14,067

Adjusted EBITDA is calculated as described above, adjusted for specific items that are significant but not reflective of the Corporation's underlying operations. Adjustment of these specific items is subjective; however, management uses its judgment and informed decision-making when identifying items for adjustment. 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 income and expenses. Financing expense, income taxes, depreciation and amortization are excluded from the EBITDA calculation, as they do not represent cash expenditures that are directly affected by operations. Furthermore, EBITDA is used in MAXIM's bank covenant calculations, which requires these items to be omitted. Management believes that presentation of this non-GAAP measure provides useful information to investors and shareholders as it provides predictive value and assists in the evaluation of performance trends. Management uses adjusted EBITDA to compare financial results among reporting periods and to evaluate MAXIM's operating performance and ability to generate funds from operating activities.

In calculating adjusted EBITDA for the first quarter of 2014, management excluded certain non-cash and one-time transactions. In 2014, adjusted EBITDA excluded a $0.4 million unrealized loss on the derivative coal contract, a circa $nil non-cash expense related to share-based compensation, and $0.2 million related to EBITDA from non-controlling interests. In 2013, these exclusions comprised of a $1.2 million unrealized loss on the derivative coal contract, a $0.7 million unrealized gain on commodity swaps, $0.1 million of non-cash expenses related to share-based compensation, and $0.3 million related to EBITDA from non-controlling interests.

Adjusted Net Income

Three months ended March 31 ($000's)	2014	2013
Net income	3,607	4,701
Unrealized losses	437	539
Tax effect of unrealized losses	(109)	(135)
Non-controlling interest income	(120)	(115)
Adjusted net income	3,815	4,990

Adjusted net income provides management and investors with information on net income excluding unrealized, non-cash items and non-controlling interests. First quarter 2014 adjusted net income excluded a $0.4 million unrealized loss on the derivative coal contract, the tax effect of this unrealized loss, and $0.1 million from non-controlling interest income. First quarter 2013 adjusted net income excluded a $1.2 million unrealized loss on the derivative coal contract, a $0.7 million unrealized gain on a fixed for floating commodity price swap, the tax effect of these unrealized losses, and $0.1 million from non-controlling interest income.

ADDITIONAL GAAP MEASURES

Income from operations

MAXIM's consolidated statement of income includes a subtotal, income from operations, which is not required under IAS 1 - *Presentation of financial statements*. This additional GAAP measure is included in the statement of income to increase the usefulness and understandability of the Corporation's financial results.

Income from operations reflects revenues less expenses related to the operations of the Corporation. This additional GAAP measure can be used to assess the operating efficiency of the Corporation, which excludes the impact of financing and taxes as these measures are not related to the efficiency of MAXIM's operations. Management reviews income from operations on a quarterly basis as part of their assessment of EBITDA in order to monitor MAXIM's performance.

Funds from operating activities before changes in working capital ("FFO")

MAXIM's consolidated statement of cash flows includes a subtotal, FFO, which is not required under IAS 1 - *Presentation of financial statements*. This additional GAAP measure is included in the statement of cash flows to increase the usefulness and understandability of the Corporation's financial results. This description has been updated from the prior year in order to provide a more meaningful name to stakeholders.

FFO reflects cash generated from operations before changes in non-cash working capital. This additional GAAP measure can be used to assist management and investors in determining cash generated from operations before the impact of working capital fluctuations, which vary based upon timing differences and are not considered representative of underlying operational performance. Management reviews funds from operating activities before changes in working capital on a quarterly basis.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The use of judgments and estimates used in the preparation of these condensed consolidated 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, 2013, with the exception of the following:

Emission Performance Credits Valuation

The Corporation recognizes these intangible assets when there is reasonable assurance that the Corporation will receive the future benefit of the asset. The value of each credit is not available via actively traded markets. As such, the Corporation has made a judgement as to the value of the credits based on: i) proceeds received for selling these credits in prior periods and ii) current market information gathered internally by the Corporation.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS Adoption of New or Amended Standards

Financial Instruments: Presentation

On January 1, 2014, the Corporation adopted the amendment to IAS 32 Financial Instruments: Presentation. The amendment sets out criterion that an entity currently has a legally enforceable right to offset a financial asset and a financial liability in the statement of financial position. The amendment further sets out criterion that an entity intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. The adoption of this amendment has no impact on the amounts recorded in the Corporation's consolidated financial statements as of January 1, 2014 or on comparative periods.

Impairment of Assets

On January 1, 2014, the Corporation adopted the amendment to IAS 36 Impairment of Assets. The amendment removes the requirement to disclose recoverable amounts when there has been no impairment or reversal of impairment. The amendment requires disclosure when impairment is recognized or reversed and the recoverable amount is based on fair value less costs of disposal. Disclosure includes a description of the valuation techniques used and key assumptions used in the measurement of fair value. The disclosure requirements for impairments and reversals based on the value in use of an asset have not been amended. The adoption of this amendment has no impact on the amounts recorded in the Corporation's consolidated financial statements as of January 1, 2014 or on comparative periods.

Financial Instruments: Recognition and Measurement

On January 1, 2014, the Corporation adopted the amendment to IAS 39 Financial Instruments: Recognition and Measurement. The amendment clarifies that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. MAXIM does not currently employ hedge accounting and currently has no intention of doing so in the future. The adoption of this amendment has no impact on the amounts recorded in the Corporation's consolidated financial statements as of January 1, 2014 or on comparative periods.

Levies

On January 1, 2014, the Corporation adopted IFRS Interpretations Committee ("IFRIC") 21 Levies, which is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The adoption of this new standard has no impact on the amounts recorded in the Corporation's consolidated financial statements as of January 1, 2014 or on comparative periods.

IFRS Standard Issued Not Yet Effective

The International Accounting Standards Board ("IASB") has issued the following new standard to May 6, 2014. This standard has not been applied in preparing MAXIM's first quarter 2014 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. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

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. The Corporation is currently assessing the extent of the impact of this new standard.

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.

The effective date of this new standard has yet to be determined; however, early adoption is permitted whereby the standard must be applied retrospectively. Management is currently assessing the impact of the application of this standard, but does not anticipate that it will early adopt this new standard.

IFRS Amendments

The IASB has issued the following amendment to May 6, 2014. This amendment has not been applied in preparing MAXIM's first quarter 2014 condensed consolidated interim financial statements as the effective date falls in a subsequent period.

Standard amended	Effective Date [1]	Impact on MAXIM
IAS 19 Employee Benefits	July 1, 2014	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 any of the amendments.

TRANSACTIONS WITH RELATED PARTIES

The Corporation did not enter any related party transactions during the first quarter of 2014, with the except 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 26 of the 2013 audited annual financial statements.

CONTROLS AND PROCEDURES

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

The CEO and the CFO are also responsible for designing and maintaining internal control over financial reporting, as defined under rules adopted by the Canadian Securities Administrators, within the Corporation 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 generally accepted accounting principles ("GAAP"). MAXIM has adopted the 1992 Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations ("COSO Framework") for the design of its internal control over financial reporting.

The CEO and CFO 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 identified the following material weakness in the design of the Corporation's internal control over financial reporting. The Corporation, predominately in its France segment, does not have a sufficient number of finance personnel with the required technical knowledge to address all complex accounting and tax issues that may arise and this may result in inaccuracies in financial reporting. Management mitigates this weakness by periodically utilizing outside consultants for assistance as required to the fullest extent reasonable or by developing in-house expertise or recruiting personnel with the necessary expertise; however, such mitigating procedures do not constitute a compensating control for the purposes of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings. As a result, the Corporation's internal control over financial reporting is not effective as of March 31, 2014. The Corporation has determined that it is not cost-effective to fully remediate this weakness and, accordingly, a weakness will continue in the foreseeable future.

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, 2014 and ended on March 31, 2014 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting. No material changes in the Corporation's internal control over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OTHER INFORMATION

Outstanding share data:

Issued common shares at March 31, 2014	54,198,758
Outstanding share options at March 31, 2014	2,929,526
Total diluted common shares at March 31, 2014	**57,128,284**
No activity subsequent to March 31, 2014	-
Total diluted common shares at May 6, 2014	**57,128,284**

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
AESRD	Alberta Environmental and Sustainable Resource Development
Alberta Power Pool	An independent, central, open-access pool that functions as a spot market for all energy bought and sold in Alberta, matching demand with the lowest supply to establish an hourly pool price
Alberta power prices	The hourly price established by the Alberta Electric System Operator for electricity bought and sold through the Alberta Power Pool
AUC	Alberta Utilities Commission
BMO	Bank of Montreal
Capacity	The rated continuous load-carrying ability, expressed in megawatts, of generation equipment (throughout the MD&A references to electric and thermal capacity are stated in "nameplate" capacity
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.
Cogeneration	The combined, simultaneous generation of heat (usually in the form of hot water or steam) and power (usually in the form of electricity)
COMAX	COMAX France S.A.S. is a wholly-owned subsidiary of MAXIM, which operates cogeneration facilities operating under twelve year contracts with Electricité de France.
COSO Framework	1992 Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations
CDECCA	CDECCA Power Plant, a 62.1 MW generating facility located in Hartford, CT was acquired by MAXIM on October 1, 2006.
Emission Performance Credits	Emission performance credits are generated by facilities that have reduced emission of greenhouse gases by 12% since July 1, 2007.
Deerland	Deerland is a development project for a 190 MW natural gas-fired peaking station located near Bruderheim, Alberta
FCM	Forward capacity market is a mechanism used by the ISO-NE to purchase sufficient capacity for reliable system operation for a future year at competitive prices.
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.
FFO	Funds from operation is an Additional GAAP measure used in determining cash flows generated from operation before the impact of working capital fluctuations
GAAP	IFRS, as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants
Gold Greek	Gold Creek generating facility, a 6.5 MW generating facility acquired by MAXIM in 2001, utilizes waste heat from a main line gas compressor to generate power and is included in the Canada – Other segment for the purposes of reporting segmented information
Hartland	Hartland Landfill Project, a 1.6 MW generating facility, was constructed by MAXIM in 2003, operates through a 20-year green energy agreement with B.C. Hydro, and is included in the Canada – Other segment for the purposes of reporting segmented information
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
IPP	Independent power producer, meaning a corporation or other entity that owns or operates

	facilities for the generation of electricity that is purchased at wholesale prices and that is not a rate-regulated electric utility
ISO-NE	ISO New England is an independent, non-profit Regional Transmission Organization managing several states in the Northeast United States.
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
M2	Milner expansion initiative to develop a new 500 MW generating facility
MAXIM or the Corporation	Maxim Power Corp.
MD&A	Management's Discussion and Analysis
Milner	HR Milner**,** a 150 MW (nameplate capacity) coal-fired 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
Milner realized power prices	The average price paid to Milner for sale of electricity in $/MWh
MUSA	MAXIM Power (USA), Inc.
MW	Megawatt, a measure of electricity that is equivalent to one million watts
MWh	Megawatt-hour, a measure of electricity consumption equivalent to the use of 1,000,000 watts of power over a period of one hour
NOx	Nitrogen oxide
O&M	Operations and maintenance
OE	FERC's Office of Enforcement
Pittsfield	Pittsfield generating station, a 181 MW electric power plant in Pittsfield, Massachusetts, was acquired by MAXIM on August 6, 2008 and is included in the United States segment for the purposes of reporting segmented information
PP&E	Property, plant and equipment
SO2	Sulphur dioxide
SUMMIT	Summit Coal is a wholly-owned MAXIM subsidiary, which owns the Mine 14 and Mine 16S development projects
Turnaround	Scheduled large-scale maintenance activity wherein an entire process, facility or generating unit is taken offline for an extended period for comprehensive revamp and renewal
Unplanned outage	Shutdown of a generating unit due to an unanticipated breakdown
U.S. or **United States**	The United States of America
VLF	Vancouver Landfill is a 7.4 MW electrical and 9.1 MW thermal landfill gas cogeneration project in Delta, BC. This facility is reporting in the Canada – Other segment for the purpose of reporting segmented information

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