Consolidated Financial Statements of

MAXIM POWER CORP.

For the Years Ended December 31, 2024 and 2023

(Audited)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Maxim Power Corp.

Opinion

We have audited the consolidated financial statements of Maxim Power Corp. (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of operations and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of indicators of impairment for property, plant and equipment – generating facilities and equipment

Description of the matter

We draw attention to notes 2(e)(i), 3(e) and 7 to the financial statements. The Entity records property, plant and equipment at cost less accumulated depreciation and impairment losses. At the end of each reporting period, the Entity makes an assessment whether there are any indicators of impairment of its property, plant and equipment. If there are indicators of impairment, the Entity performs an impairment test of the asset or the cash-generating unit ("CGU"). The assessment of impairment indicators is based on management's significant judgment of whether there are internal or external factors that would indicate that the CGU and specifically the assets within that CGU are impaired. The assessment of external indicators considers future commodity prices. The assessment of internal indicators considers forecasted cash flows. Property, plant and equipment – generating facilities and equipment were recorded at a carrying amount of $292,334 thousand. No indicators of impairment were identified for property, plant and equipment – generating facilities and equipment as at December 31, 2024.

Why the matter is a key audit matter

We identified the assessment of indicators of impairment for property, plant and equipment – generating facilities and equipment as a key audit matter. Significant auditor judgment was required in evaluating the assessment of internal and external indicators.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Entity's identification and assessment of indicators of impairment for property, plant and equipment – generating facilities and equipment by comparing actual financial results for property, plant and equipment – generating facilities and equipment in the current year against historical financial results and to forecasted cash flows. We considered changes in conditions and events affecting the forecasted cash flows.

We evaluated the Entity's assessment of future commodity prices by comparing them to future commodity prices published by a third-party energy service provider.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Kimberly J. Payne.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
March 21, 2025

MAXIM POWER CORP.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

As at	Note	**December 31, 2024**	December 31, 2023
ASSETS			
Cash and cash equivalents		**30,068**	32,258
Trade and other receivables	6	**6,244**	47,877
Current tax asset	21	**-**	4,685
Risk management asset	25	**462**	1,584
Prepaid expenses and deposits		**4,699**	5,919
Total current assets		**41,473**	92,323
Property, plant and equipment, net	7	**306,035**	313,461
Restricted cash	8	**8,451**	16,518
Prepaid expenses and deposits		**3,139**	3,538
Total non-current assets		**317,625**	333,517
TOTAL ASSETS		**359,098**	425,840
LIABILITIES			
Trade and other payables	9	**11,111**	13,287
Risk management liability	25	**396**	8,405
Loans and borrowings	10	**-**	4,828
Total current liabilities		**11,507**	26,520
Provisions for decommissioning	11	**11,052**	10,760
Lease obligation		**77**	111
Loans and borrowings	10	**-**	76,375
Deferred tax liabilities	21	**20,442**	14,329
Total non-current liabilities		**31,571**	101,575
TOTAL LIABILITIES		**43,078**	128,095
EQUITY			
Share capital	12	**172,476**	143,963
Contributed surplus		**13,286**	13,194
Retained earnings		**130,258**	140,588
TOTAL EQUITY		**316,020**	297,745
Commitments and Contingencies	19, 20		
Subsequent event	27		
TOTAL LIABILITIES AND EQUITY		**359,098**	425,840

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

On behalf of the Board:

M. Bruce Chernoff	Michael Mayder
Chairman of the Board	Director

MAXIM POWER CORP.

Consolidated Statements of Operations and Comprehensive Income

For the years ended December 31
(in thousands of Canadian dollars, except for per share amounts)

	Note	2024	2023
Revenue and power swaps			
Revenue	14	**101,482**	41,458
Realized gain on power swaps	25	**13,131**	1,444
Unrealized gain (loss) on power swaps	25	**(1,114)**	1,548
Total revenue and power swaps		**113,499**	44,450
Expenses			
Operating	15	**58,657**	38,381
Realized loss on natural gas swaps	25	**11,700**	1,002
Unrealized loss (gain) on natural gas swaps	25	**(8,001)**	8,369
General and administrative	15	**7,528**	6,706
Depreciation and amortization	7	**14,563**	9,695
Total expenses		**84,447**	64,153
Operating income (loss)		**29,052**	(19,703)
Other income, net	16	**2,961**	64,528
Asset impairment charge		**-**	(2,002)
Finance expense, net	17	**(3,892)**	(5,421)
Income before income taxes		**28,121**	37,402
Income tax expense			
Current income tax	21	**62**	125
Deferred income tax	21	**6,113**	8,982
Total income tax expense		**6,175**	9,107
Net and comprehensive income		**21,946**	28,295
Earnings per share	18		
Basic		**0.42**	0.56
Diluted		**0.38**	0.49

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

MAXIM POWER CORP.

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars, except common share data)

	Number of common shares (thousands)	Share capital	Contributed surplus	Retained earnings	Total
Equity at December 31, 2023	50,593	143,963	13,194	140,588	297,745
Net income	-	-	-	21,946	21,946
Repurchase of common shares for cancellation	(297)	(843)	-	(429)	(1,272)
Share-based compensation	-	-	1,049	-	1,049
Conversion of Convertible Loan Facility into common shares (note 10b)	13,084	29,078	-	-	29,078
Dividends paid	-	-	-	(31,847)	(31,847)
Stock options settled in cash	-	-	(488)		(488)
Stock options settled in common shares	267	148	(444)	-	(296)
Stock options exercised	46	130	(25)	-	105
Equity at December 31, 2024	**63,693**	**172,476**	**13,286**	**130,258**	**316,020**
Equity at December 31, 2022	50,168	143,473	12,831	112,350	268,654
Net income	-	-	-	28,295	28,295
Repurchase of common shares for cancellation	(33)	(88)	-	(57)	(145)
Share-based compensation	-	-	692	-	692
Stock options settled in common shares	210	8	(228)	-	(220)
Stock options exercised	248	570	(101)	-	469
Equity at December 31, 2023	50,593	143,963	13,194	140,588	297,745

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

MAXIM POWER CORP.

Consolidated Statements of Cash Flows

For the years ended December 31
(in thousands of Canadian dollars)

	Note	**2024**	2023
Cash flows from operating activities:			
Net income		**21,946**	28,295
Adjustments for items not involving cash or operations:			
Depreciation and amortization	7	**14,563**	9,695
Share-based compensation	13	**1,803**	692
Unrealized loss (gain) on power swaps	25	**1,114**	(1,548)
Unrealized loss (gain) on natural gas swaps	25	**(8,001)**	8,369
Stock option settlement in common shares		**(296)**	(220)
Stock option settlement in cash	13	**(1,218)**	-
Income tax expense	21	**6,175**	9,107
Income tax recovered (paid)	21	**4,623**	(9,603)
Gain on sale of wind development project	16	**(2,810)**	-
Asset impairment charge		**-**	2,002
Loss on disposal of equipment		**-**	100
Finance expense, net	17	**3,892**	5,421
Funds generated from operating activities before change in non-cash working capital		**41,791**	52,310
Change in non-cash working capital	23	**42,278**	(28,694)
Net cash generated from operating activities		**84,069**	23,616
Cash flows from financing activities:			
Repayment of loans and borrowings	10	**(53,512)**	(2,850)
Issue costs on loans and borrowings	10	**(485)**	-
Dividends paid	12	**(31,847)**	-
Proceeds from exercise of stock options		**105**	469
Repurchase of common shares for cancellation	12	**(1,272)**	(145)
Interest and bank charges	17	**(6,634)**	(8,114)
Net cash used in financing activities		**(93,645)**	(10,640)
Cash flows from investing activities:			
Property, plant and equipment additions	7	**(7,192)**	(27,421)
Proceeds on sale of wind development project	16	**2,810**	-
Proceeds on sale of asset, net of closing costs		**-**	95
Interest income	17	**4,436**	2,932
Change in non-cash working capital	23	**7,248**	(7,701)
Net cash generated (used) in investing activities		**7,302**	(32,095)
Foreign exchange gain (loss) on cash and cash equivalents	17	**84**	(1)
Decrease in cash and cash equivalents		**(2,190)**	(19,120)
Cash and cash equivalents, beginning of year		**32,258**	51,378
Cash and cash equivalents, end of year		**30,068**	32,258

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

1. Reporting entity

Maxim Power Corp. is incorporated in the province of Alberta, Canada. Maxim Power Corp., together with its subsidiaries ("MAXIM" or the "Corporation") is an independent power producer, which acquires or develops, owns and operates power and power related projects in Alberta. The Corporation's common shares ("Common Shares") trade on the Toronto Stock Exchange under the symbol "MXG". MAXIM's registered office is Suite 1800, 715 – 5 Avenue S.W., Calgary, Alberta, Canada, T2P 2X6.

2. Basis of preparation and statement of compliance

(a) Statement of compliance

MAXIM prepares its consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were authorized for issuance by the Board of Directors of the Corporation on March 21, 2025.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for risk management activities, which are measured at fair value on the statements of financial position.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Corporation and its subsidiaries. All financial information presented in Canadian dollars has been rounded to the nearest thousand unless otherwise noted.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions, based on its experience, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(e) Significant judgements and estimates

(i) Impairment indicators

At the end of each reporting period, the Corporation makes an assessment whether there are any indications of impairment of its property, plant and equipment ("PP&E") and intangible assets at the lowest level at which there are separately identifiable cash flows. If there are indications of impairment, MAXIM performs an impairment test on the asset or the cash-generating unit ("CGU").

The assessment of impairment indicators is based on management's significant judgement of whether there are internal or external factors that would indicate that the CGU and specifically the assets within that CGU are impaired. The assessment of the external indicators considers future commodity prices. The assessment of internal indicators considers forecasted cashflows.

The Corporation evaluates impairment losses for potential reversals when management has determined that events or circumstances warrant such consideration.

2. Basis of preparation and statement of compliance (continued)

(ii) Decommissioning costs

Decommissioning costs are expected to be incurred at the end of the operating life of the facilities. A provision is recognized when there is a present obligation to restore the site, it is probable the expenditure will be required, and a reliable estimate of the costs can be determined. The ultimate cost to settle these obligations is uncertain due to timing and cost estimates that may vary in response to many different factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other facilities. As a result, there could be significant adjustments to the provisions established which could affect future financial results. Management bases these estimates on its best knowledge, experience in similar circumstances and in some cases reports from independent experts.

Because of the long-term nature of the liabilities, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Corporation has assumed that each site will be restored using technology and materials that are currently available.

(iii) Useful life and residual value of PP&E

Useful lives over which costs should be depreciated may be impacted by changes in the Corporation’s strategy, process or operations as a result of climate change initiatives. Each major component of PP&E is depreciated over its estimated useful life net of residual value. The estimated useful lives of the assets are based upon current conditions and management’s experience, which take into consideration specific contracts, agreements, condition of the asset, technology, production and use of the asset, and regular maintenance programs. The facilities are operated within equipment manufacturers’ specifications to realize the expected useful life of each asset. Notwithstanding these measures, the useful life of equipment may vary from that which is estimated by management.

Residual value is estimated by management to be the amount that MAXIM would receive from disposal of the asset after deducting the estimated costs of disposal if the asset was already of the age and in the condition expected at the end of its useful life. Actual amounts received may differ from estimated amounts.

(iv) Impairment of non-financial assets

The recoverable amount of a CGU or asset is determined based on the higher of its fair value less costs of disposal or its value-in-use (the present value of the estimated future cash flows). Management is required to make assumptions about future cash flows including future commodity prices, expected generation, future operating and development costs, discount rates, sustaining capital programs and tax rates. It is possible that future cash flow assumptions may change. This may impact the estimated fair value of the associated asset and may require a material adjustment to the carrying value of the asset.

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

3. Material accounting policies

The material accounting policies used in the preparation of these consolidated financial statements have been applied consistently for all periods presented and are set out below.

(a) Basis of consolidation

The financial statements include the accounts of the Corporation and its subsidiaries. Subsidiaries are entities which the Corporation controls by having the power to govern the entity's financial and operating policies. The Corporation consolidates all of its wholly-owned subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances, transactions and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

The Consolidated Financial Statements of MAXIM include the following entities:

	Country of	Ownership Interest %	
	Incorporation	2024	2023
Milner Power Limited Partnership ("MPLP")	Canada	100	100
Milner Power II Limited Partnership	Canada	100	100
Prairie Lights Power Limited Partnership	Canada	100	100
Deerland Power Limited Partnership	Canada	100	100
Summit Coal Limited Partnership	Canada	100	100

(b) Impairment of non-financial assets

The carrying value of the Corporation's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there are any indicators of impairment. MAXIM performs an impairment test on the CGU or asset if there are indicators of impairment present.

The impairment test compares the recoverable amount of the CGU or asset to its carrying amount. The recoverable amount is the higher of the CGU or asset's value in use (present value of the estimated future cash flows) and its estimated fair value less costs to sell. Management is required to make assumptions about future cash flows including production, fuel costs, operating expenses, power prices and capital programs. It is possible that future cash flow assumptions may change. This may impact the estimated fair value of the associated asset and may require a material adjustment to the carrying value of the asset including intangible assets.

The Corporation evaluates impairment losses for potential reversals when management has made the judgment that events or circumstances warrant such consideration.

(c) Financial instruments

(i) Recognition

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires.

3. Material accounting policies (continued)

(ii) Measurement and classification

All financial instruments, including all derivatives, are measured at fair value or amortized cost upon initial recognition and are classified into one of the following three categories: financial assets and liabilities at amortized cost, fair value through profit or loss and fair value through other comprehensive income. The Corporation does not have any instruments classified as fair value through other comprehensive income.

(iii) Financial assets at amortized cost

A financial asset is classified in this category if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments from principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of income. Any gain or loss on derecognition is recognized in the statement of income.

The Corporation's financial assets at amortized cost are comprised of trade and other receivables and cash and cash equivalents.

(iv) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it does not meet the requirements of amortized cost, including derivative assets. Financial instruments in this category are recognized initially and subsequently at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of income or loss.

(v) Financial liabilities at amortized cost

Financial liabilities include trade payables, lease obligation, and loans and borrowings, are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

(vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(vii) Impairment of financial assets

At each reporting date, the Corporation assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimate future cash flows of the financial asset have occurred. For trade receivables the Corporation applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the financial assets.

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits with banks and other financial institutions. Cash deposits held as collateral to various counterparty agreements to secure credit are recorded separately as non-current restricted cash.

3. Material accounting policies (continued)

(e) PP&E

The Corporation records PP&E at cost less accumulated depreciation and impairment losses. Cost includes expenditures to purchase and construct assets, and other costs associated with purchasing and preparing assets for their intended use. The costs associated with construction include material, labor, interest, and other direct costs required to bring the assets to their intended use.

Cost also includes the present value of an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located to its original state.

MAXIM separates PP&E into identifiable components with different useful lives for depreciation purposes. Depreciation is based on the cost of the asset less its residual value. Depreciation of a component commences when the asset is first available for use and ceases when the asset is classified as held for sale or when the asset is derecognized.

The following rates are used in the computation of depreciation expense in the period:

Generating facilities	Straight-line from 2 to 21 years
Equipment	20 - 30% declining balance or straight-line from 2 to 21 years

Assets under construction are projects undertaken by the Corporation where the asset is not yet available for use. Capitalization of costs associated with these projects commences once technical feasibility is established. If the project is subsequently abandoned, all costs are expensed in the period.

(f) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

(g) Employee benefits

(i) Restricted share units

The Corporation records a compensation cost for all restricted share units ("RSU") granted to employees over the vesting period of the RSU based on the fair value of the RSU at grant date. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair values of the amounts payable, which are settled in cash, are recognized as expenses with corresponding increases in the liabilities over the period that the employees unconditionally become entitled to payments. The fair value of each grant is measured at the closing share price of MAXIM's Common Shares. The liability is remeasured to fair value at each reporting date and at the settlement date. Any changes in the fair value of the liability are recognized in income or loss.

(ii) Share-based compensation

The Corporation records a compensation cost for all stock options granted to employees, directors or officers over the vesting period of the options based on the fair value of the option at the grant date using the Black-Scholes option pricing model. Compensation expense is recognized over the options vesting period, with a corresponding adjustment to contributed surplus.

3. Material accounting policies (continued)

The number of awards expected to vest is reviewed each period, with the effect of any change being recognized immediately. Consideration paid by employees, directors or officers upon exercise of the stock options and the amount previously recognized in contributed surplus are recorded as an increase to share capital.

(h) Provisions

(i) Decommissioning liabilities

The Corporation has an obligation to restore certain project sites to an acceptable level at the end of each project's respective life. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The estimated cash flows for decommissioning costs are discounted at a current pre-tax rate that reflects the risk-free rate specific to the decommissioning liability. The unwinding of the discount due to the passage of time is recorded as an increase to the provision for decommissioning liabilities with the associated expense recognized in the statements of income as a finance cost. When the Corporation carries out its obligation to restore a site, incurred decommissioning costs will be recorded as a reduction to the decommissioning liability. The estimated future costs of decommissioning are reviewed periodically and adjusted to reflect the current best estimate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset and the liability.

(ii) Other provisions

A provision is recognized if, as a result of a past event, the Corporation has a present or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of profit or loss net of any reimbursement. Non-current provisions are determined by discounting the expected future cash flows using a risk-free rate. Provisions are not recognized for future losses.

(i) Revenue recognition

Revenue from the sale of electricity is measured based on the consideration specified in the contract with the customer. MAXIM recognizes revenue when it transfers control of the electricity to the customer. This is considered to occur when electricity is physically transferred to the customer.

(j) Finance income and finance expense

Finance income is comprised of interest income on cash and cash equivalents and restricted cash. Interest income is recognized as it accrues in the statements of income, using the effective interest method.

Finance expense is comprised of interest expense on borrowings, finance costs on letters of credit, amortization of deferred financing costs, and unwinding of the discount on provisions.

3. Material accounting policies (continued)

(k) Income taxes

Income taxes are comprised of current and deferred taxes. Current tax and deferred tax are recognized in the statements of income except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes. Deferred tax is not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

(ii) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which these deductions can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Earnings per share

Basic earnings per share is calculated by dividing the net income or loss for the period attributable to shareholders of the Corporation by the weighted average number of Common Shares outstanding during the period.

Diluted earnings per share is calculated in the same manner as basic earnings per share, except that the weighted average number of Common Shares outstanding is adjusted for dilutive instruments and the after tax impact of the finance expense relating to the Convertible Loan Facility (“Convertible Loan”) .

The number of Comon Shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Corporation’s potentially dilutive Common Shares are comprised of stock options granted to employees.

(m) Dividends

Dividend distributions payable to equity shareholders are discretionary and payable when the dividends have been approved by the Board of Directors. Dividends on Common Shares are recognized within equity.

3. Material accounting policies (continued)

(n) Insurance proceeds

Insurance proceeds are recognized in other income when it is virtually certain that the Corporation will receive the funds under the terms and conditions of the insurance policy. This is achieved through confirmation of insurance coverage for amounts claimed.

4. Future accounting changes

IFRS 18 – Presentation and disclosure in financial statements

On April 9, 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements which introduces new requirements for comparability in the statement of profit or loss, performance measures and grouping of information in the financial statements. IFRS 18 will replace IAS 1 – Presentation of Financial Statements and will be effective for annual reporting periods beginning on or after January 1, 2027, with early application permitted. Management is currently assessing the impact of IFRS 18 on the Corporation's consolidated financial statements.

5. Determination of fair value

A number of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables, lease obligation, and loans and borrowings

The fair value of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables, and loans and borrowings are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at December 31, 2024, and 2023, the fair value of cash and cash equivalents, restricted cash, trade and other receivables and trade and other payables approximated their carrying value due to their short term to maturity.

(b) Commodity swaps

The fair value of swaps is based on the amount that would be paid or received to settle the contracts at period end. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Corporation and counterparty when appropriate.

(c) Share-based payment transactions

The fair value of the employee share options are measured using the Black-Scholes model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instrument, expected dividends, and the risk-free interest rate. Assumptions regarding employee turnover, and related forfeitures, are also considered in determining fair value.

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

6. Trade and other receivables

	December 31, 2024	December 31, 2023
Trade receivables	4,384	28,371
Insurance receivable	-	18,031
Other receivables	-	45
Realized risk management receivable (a)	1,860	1,430
Total trade and other receivables	6,244	47,877

(a) Realized risk management receivable of $1,860 is unsettled realized gains on power commodity swap transactions as at December 31, 2024 (2023 - $1,430).

7. Property, plant and equipment, net

	Generating Facilities and Equipment	Right-of-use Asset	Assets under Construction	Total
Cost				
Balance, December 31, 2022	241,844	202	147,335	389,381
Additions	531	-	26,890	27,421
Capitalized interest	-	-	1,473	1,473
Assets in-service	164,886	-	(164,886)	-
Impairment (a)	-	-	(2,002)	(2,002)
Disposal of equipment	(195)	-	-	(195)
Revisions to decommissioning provisions	(89)	-	-	(89)
Balance, December 31, 2023	406,977	202	8,810	415,989
Additions	2,018	-	5,174	7,192
Assets in-service	370	-	(370)	-
Revisions to decommissioning provisions	(55)	-	-	(55)
Balance, December 31, 2024	409,310	202	13,614	423,126
Accumulated depreciation				
Balance, December 31, 2022	92,778	55	-	92,833
Depreciation	9,665	30	-	9,695
Balance, December 31, 2023	102,443	85	-	102,528
Depreciation	14,533	30	-	14,563
Balance, December 31, 2024	116,976	115	-	117,091
Property, plant and equipment, net				
December 31, 2023	304,534	117	8,810	313,461
December 31, 2024	292,334	87	13,614	306,035

(a) Asset impairment charge

During 2023, the Corporation was notified by the Alberta Utilities Commission that the application for a time extension of the 86 MW cogeneration power plant located at the Milner site was denied. As a result, the Corporation had terminated the project and written off the full value of assets under construction totaling $2,002 and recognized the balance as an asset impairment charge.

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

8. Restricted cash

	December 31, 2024	December 31, 2023
Cash collaterized letters of credit	8,451	6,396
Cash collateral (a)	-	10,122
Total restricted cash	8,451	16,518

(a) On November 7, 2024, the Corporation amended the Senior Credit Facility to release $10,122 of restricted cash previously held for end of life decommissioning, remediation and reclamation of the Milner Site. Upon release the $10,122 was transferred to cash and cash equivalents.

9. Trade and other payables

	December 31, 2024	December 31, 2023
Trade payables	2,655	3,328
Accrued liabilities and other payables	8,271	9,172
Realized risk management liability (a)	185	787
Total trade and other payables	11,111	13,287

(a) Realized risk management liability of $185 are unsettled realized losses on gas commodity swap transactions as at December 31, 2024 (2023 - $787).

10. Loans and borrowings

	Senior Credit Facility				
	Bank Term Facility #1(1)	Fixed Rate Constuction Facility(1)	Convertible Loan Facility(1)	Deferred Financing Costs	Total
Balance, December 31, 2022	26,362	30,000	29,438	(3,128)	82,672
Repayment of loans and borrowings	(2,850)	-	-	-	(2,850)
Amortization	-	-	-	1,381	1,381
Balance, December 31, 2023	23,512	30,000	29,438	(1,747)	81,203
Less: current portion, net of deferred financing costs					(4,828)
Balance December 31, 2023, non-current portion, net of deferred financing costs					76,375

(1) Excluding deferred financings costs.

	Senior Credit Facility				
	Bank Term Facility #1(1)	Fixed Rate Term Facility(1)	Convertible Loan Facility(1)	Deferred Financing Costs	Total
Balance, December 31, 2023(1)	23,512	30,000	29,438	(1,747)	81,203
Repayment of loans and borrowings	(2,138)	(1,500)	-	-	(3,638)
Voluntary repayment of loans and borrowings (a)(ii)	(21,374)	(28,500)	-	-	(49,874)
Conversion of Convertible Loan (b)	-	-	(29,438)	-	(29,438)
Amortization and extinguishment	-	-	-	1,747	1,747
Balance, December 31, 2024	-	-	-	-	-

(1) Excluding deferred financings costs.

10. Loans and borrowings (continued)

(a) Senior Credit Facilities

The Senior Credit Facilities consist of facilities that provide senior debt financing to support financing requirements of the existing operations, letters of credit and hedging. The Senior Credit Facilities are secured by the assets of the Corporation. The Senior Credit Facilities mature on June 30, 2026.

On October 17, 2024, the Corporation voluntarily repaid the outstanding principal on both the Bank Term Facility #1 and the Fixed Rate Term Facility, for a total principal repayment of $49,874. In addition, on November 7, 2024, MAXIM amended its Senior Credit Facility, to allow for the following:

- Increase and merge the combined availability of Revolver Facility #1 and Letter of Credit Facility #1 from $19,100 to $25,000;
- Restricted cash of $10,122 released for general use. (note 8a);
- The distribution of a one-time special dividend (the “Special Dividend”) of $0.50 per Common Share; and
- Allowance for distributions, in the form of dividends or share repurchases, up to $20,000 per calendar year, subject to terms and conditions of the Senior Credit Facility.

Amounts available under the Senior Credit Facilities are as follows:

Revolver Facility #1

The $25,000 Revolver Facility #1 is available for general corporate purposes. The Corporation posted cash collateralized letters of credit of $6,301 under this facility and deposited cash of the same amount into a restricted bank account maintained by the bank. As at December 31, 2024, the availability of this facility is $18,699. The Corporation can elect to remove the $6,301 cash collateralized letters of credit, in exchange for a higher margin fee, however the availability of the facility is reduced by this amount regardless of whether the letters of credit are cash collateralized or not. The Revolver Facility #1 bears interest at the Canadian overnight repo rate average or Canadian prime rate, plus applicable margins.

The remaining facilities of the Senior Credit Facility are extinguished:

Bank Term Facility #1 was fully repaid on October 17, 2024 with a final payment of $21,374. No additional amounts are available under this facility and it is fully extinguished. Fixed Rate Term Facility was fully repaid on October 17, 2024 with a final payment of $28,500. No additional amounts are available under this facility and it is fully extinguished. Upon the repayment of these facilities, the unamortized deferred financing costs relating to these facilities of $584 were fully amortized.

Bank Construction Facility was an undrawn $27,400 facility available for the construction of the combined cycle gas turbine of Milner 2 (“M2”). This facility is no longer available and was fully extinguished following the satisfaction of certain terms and conditions in the Senior Credit Facility in the second quarter of 2024.

Revolver Facility #2 was a $5,000 facility, that is no longer available and fully extinguished as it was merged with Revolver Facility #1 in the second quarter of 2024.

Letter of Credit Facility #1 was a $4,100 facility and is no longer available as it was extinguished following the amendment on November 7, 2024.

10. Loans and borrowings (continued)

Financial Debt Covenants

Commencing in the fourth quarter of 2024, and as a result of the amendment on November 7, 2024, MAXIM is no longer required to maintain the debt service coverage ratio or the debt to adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") ratio.

Commencing in the fourth quarter of 2024, MAXIM is required to maintain a net debt to Adjusted EBITDA ratio of not greater than 3.00:1.00. As at December 31, 2024, MAXIM's net debt to Adjusted EBITDA ratio is (0.78) and is therefore in compliance.

Commencing in the first quarter of 2025, MAXIM is required to maintain an interest coverage ratio of not less than 5.00:1.00 on a rolling four quarter basis.

The interest coverage ratio will be annualized beginning in the first quarter of 2025 utilizing the rolling four quarter Adjusted EBITDA and annualized interest expense starting January 1, 2025. Once four full fiscal financial quarters have occurred, the annualized interest expense will be replaced with the rolling four quarter interest expense.

MAXIM shall ensure that, as at the end of each financial quarter, the tangible assets of MAXIM, Milner Power II LP, Milner Power LP, and Prairie Lights Power LP, are not less than the lesser of: (a) 95% of consolidated tangible assets; and (b) consolidated tangible assets (less any consolidated tangible assets attributed to Summit Coal Inc. and Summit Coal LP).

In addition, MAXIM is subject to customary non-financial covenants. As at December 31, 2024, MAXIM is in compliance with all applicable debt covenants.

(b) Convertible Loan Facility

On November 7, 2024, MAXIM received a notice of conversion from the lenders under the Convertible Loan to convert amounts owing thereunder, being $29,438 (2023 - $29,438), into Common Shares. As a result, the lenders received 13,083,735 Common Shares based on a conversion price of $2.25 per Common Share. As a result of the conversion, the carrying value of $29,078 was transferred to equity which represents $29,438 of debt principal, net of $360 of unamortized deferred financing costs. In addition, MAXIM and the lenders under the Convertible Loan mutually agreed to terminate the facility and as a result, the facility was extinguished.

The Convertible Loan was provided by two significant shareholders of the Corporation, one of whom is the Chair of the Board and the other who is Vice Chair of the Board. During 2024, total interest and fees paid under this facility was $2,839 (December 31, 2023 – $3,908).

(c) Letter of Credit Facility #2

The Letter of Credit Facility #2 is a facility that requires full cash collateralization of letters of credit on a non-revolving basis. As at December 31, 2024, the Corporation has $2,150 (December 31, 2023 - $2,150) in cash collateralized letters of credit. Cash of the same amount was deposited into a restricted bank account maintained by the bank. There are no financial covenants or funds available to be drawn under this credit facility.

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

10. Loans and borrowings (continued)

(d) Issuance costs on loans and borrowings

During 2024, a total of $485 of transactions costs were incurred in relation to the amendment and restatement of the Senior Credit Facilities. These transaction costs will be amortized to the maturity of the Senior Credit Facilities on June 30, 2026.

11. Provision for decommissioning

The Corporation's provisions are comprised of decommissioning liabilities that relate to the retirement of its electrical generating facilities. The decommissioning liabilities have been discounted at the risk-free rate, which was 3.3% (December 31, 2023 – 3%) based on the timeframe of when the liability will be settled and inflation rates, which was 1.8% (December 31, 2023 – 1.6%).

The Corporation is required to re-measure the provision at each reporting period in order to reflect expected cost, timing and discount rates in effect at that time. The total undiscounted inflation adjusted amounts of estimated obligations are approximately $21,506 (December 31, 2023 - $20,906) and are expected to be incurred in seven to twenty one years from the date of these consolidated financial statements.

Balance, December 31, 2022	10,511
Accretion	330
Changes in estimate	(81)
Balance, December 31, 2023	10,760
Accretion	347
Changes in estimate	(55)
Balance, December 31, 2024	11,052

12. Share capital

During 2024, the Corporation purchased and cancelled 296,640 (2023 – 33,339) Common Shares under the normal course issuer bid ("NCIB") program at a cost of $1,272 (2023 - $145). Common Shares purchased were recognized as a $843 (2023 - $88) reduction to share capital which is equal to the weighted average carrying value of Common Shares. The difference between the aggregate purchase price and the average carrying value of the Common Shares of $429 (2023 - $57) was recorded as a decrease in retained earnings.

The Corporation is authorized to issue the following classes and number of shares:

(i) an unlimited number of Common Shares without nominal or par value

(ii) an unlimited number of preferred shares

All shares rank equally with regard to the Corporation's equity and shall be entitled to one vote per share at the meetings of the shareholders of the Corporation. The holders of the Common Shares are entitled to receive equally any dividends declared by the Corporation. As at December 31, 2024 and 2023, there are nil preferred shares outstanding.

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

12. Share capital (continued)

	Number of Shares	$
Common Shares of MAXIM		
Common Shares, December 31, 2022	50,167,850	143,473
Common Shares purchased and cancelled under NCIB	(33,339)	(88)
Share options exercised and settled for Common Shares (a)	458,627	578
Common Shares, December 31, 2023	50,593,138	143,963
Common Shares purchased and cancelled under NCIB	(296,640)	(843)
Share options exercised and settled for Common Shares (a)	312,796	278
Conversion of Convertible Loan Facility (note 10)	13,083,735	29,078
Common Shares, December 31, 2024	63,693,029	172,476

(a) Included in the share options exercised in 2024 were 266,821 Common Shares (2023 – 210,461 Common Shares) issued as a result of in-the-money options exercised through a cashless put right, which allows option holders to exchange the option value for Common Shares.

(b) Special Dividend

On November 7, 2024, MAXIM's Board of Directors approved the declaration and distribution of a Special Dividend of $0.50 per Common Shares. The Special Dividend of $31,847 was paid in cash on November 29, 2024.

13. Share-based compensation

The Corporation has an employee stock option plan under which employees, directors and key consultants are eligible to receive grants.

Stock options granted under the plan vest over a three year period in equal amounts. The grantee has the right to exercise the vested stock options within one year of vesting. The maximum number of outstanding stock options under the plan is limited to 10% of the number of Common Shares outstanding. The Corporation's Board of Directors determines the number of stock options to be granted, and sets the exercise price based on the market value at the time of granting. Stock options issued and outstanding are as follows:

			December 31, 2024			December 31, 2023
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Outstanding, beginning of year	3,046,782	$	3.54	2,631,949	$	2.77
Exercised	(865,646)		2.62	(787,317)		2.01
Settled for cash (a)	(668,987)		3.51	-		-
Granted (b)	896,479		4.40	1,202,150		4.23
Outstanding, end of year	2,408,628	$	4.20	3,046,782	$	3.54
Exercisable	366,334	$	3.81	903,146	$	2.71

During 2024, the Corporation recorded non-cash share-based expense of $1,803 (December 31, 2023 - $692) of which $754 (2023 - $nil) relates to the settlement of cash and Common Shares in excess of the estimated fair value of the options from the date of grant.

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

13. Share based compensation (continued)

(a) During 2024, the Corporation allowed employees a one time opportunity to exercise their vested options for cash. In total 668,987 options were settled in cash for $1,218.

(b) During 2024 and 2023, the Corporation granted options to certain employees and directors. The fair value of each option granted is estimated at the date of grant using the Black-Scholes option pricing model with weighted average assumptions for the grant as follows:

	2024	2023
Fair value of each option ($)	1.06	1.01
Share price at grant date ($)	4.40	4.23
Exercise price ($)	4.40	4.23
Risk-free interest rate (%)	3.33	3.51
Expected life (years)	2.00	2.00
Expected volatility (%)	38.63	37.70

Expected volatility was calculated by using daily volatility of the historical closing value of the Corporation’s stock, using the date of the grant as the starting point of the retrospective data capture.

(c) As at December 31, 2024, the range of exercise prices was $3.00 - $4.88 (December 31, 2023 - $2.01 to $4.20) and the weighted average remaining contractual life was 1.86 years (December 31, 2023 – 1.67 years).

14. Revenue

	December 31, 2024	December 31, 2023
Revenue from contracts with customers	101,482	41,458

Revenue from contracts with customers consists of revenue generated from the sale of electricity to the Corporation’s sole customer. MAXIM recognizes revenue when the performance obligation is satisfied, which is the moment electricity is generated and delivered to the grid. The amount of revenue recognized is based on the agreed transaction price which is the average spot price determined on an hourly basis for the volume of generation produced. Collection occurs the following month on the twentieth business day.

15. Operating, general and administrative expenses by nature

	December 31, 2024	December 31, 2023
Fuel costs	23,802	13,570
Operating and maintenance	30,698	20,865
Wages and employee benefits	11,685	10,652
Total operating and general and administrative expenses	66,185	45,087

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

16. Other income, net

	December 31, 2024	December 31, 2023
Business interruption insurance claim (a)	-	53,181
Property insurance claim (a)	-	17,434
Demolition, incidental and investigation costs (b)	-	(5,973)
Loss on disposal of equipment	-	(100)
Other income (loss) (c)	2,961	(14)
Total other income, net	2,961	64,528

(a) Insurance claims

During 2023, the income from business interruption claims of $53,181 and property insurance claims of $17,434, related to the air inlet filter house non-injury fire insurance claim.

(b) Demolition, incidental and investigation costs

During 2023, the Corporation incurred $5,973 in relation to demolition, incidental and investigation costs related to the air inlet filter house non-injury fire incident.

(c) The Corporation closed the sale of a wind development project on June 20, 2018. Under the sales agreement, the Corporation is entitled to further compensation upon the date of commercial operation. On June 28, 2024, the wind development project achieved commercial operations and the Corporation recognized $2,810 of other income and other receivables. On July 5, 2024, the Corporation collected the total receivable amount of $2,810.

17. Finance expense, net

	December 31, 2024	December 31, 2023
Interest expense and bank charges	6,634	6,641
Amortization of deferred financing costs	1,431	1,381
Accretion of provisions	347	330
Foreign exchange loss (gain)	(84)	1
Finance expense	8,328	8,353
Interest income	(4,436)	(2,932)
Total finance expense, net	3,892	5,421

18. Earnings per share

	December 31, 2024	December 31, 2023
Weighted average number of common shares (basic) (a)	52,534,967	50,419,484
Effect of convertible loan facility (a)	11,148,059	13,083,735
Effect of stock options	141,421	580,020
Weighted average number of common shares (diluted)	63,824,447	64,083,239

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

18. Earnings per share (continued)

	December 31, 2024	December 31, 2023
Net income (basic)	21,946	28,295
Finance expense on the convertible loan facility, net of tax	2,389	3,417
Net income (diluted)	24,335	31,712

	December 31, 2024	December 31, 2023
Earnings per share:		
Basic	0.42	0.56
Diluted	0.38	0.49

(a) Upon conversion of the Convertible Loan, 13,083,735 Common Shares were issued and of this amount, 1,935,676 and 11,148,059 Common Shares have been allocated to basic and diluted earnings per share, respectively. The allocation to the basic number of Common Shares represents the weighted average number of ordinary Common Shares after conversion of the Convertible Loan and the allocation to the diluted number of Common Shares represents the weighted average number of potential ordinary Common Shares before conversion of the Convertible Loan.

19. Commitments

The Corporation has entered into a natural gas transportation service agreement to deliver natural gas to M2 and contracts to purchase emission credits. The total remaining commitment from these contracts as at December 31, 2024 is $15,900 as follows:

2025	6,023
2026	3,597
2027	3,012
2028	1,843
Thereafter	1,425
	15,900

20. Contingencies

(a) Contingent liabilities

The Corporation operates in a regulatory and commercial environment that exposes it to regulatory, contractual and litigation risks. As a result, the Corporation is subject to certain disputes and legal proceedings, including litigation, arbitration, and regulatory investigations. Such cases are subject to many uncertainties, and the outcomes are often difficult to predict, including the impact on operations or on the financial statements, particularly in the earlier stages of a case. 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. Management believes that these contingencies, individually or in aggregate, are not expected to result in a liability that would have a material adverse effect on the Corporation.

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

20. Contingencies (continued)

(b) Contingent assets

During 2024, the Corporation filed a statement of claim for compensation against third parties in relation to the non-injury fire on September 30, 2022, which caused damage to M2's air inlet filter house. As at December 31, 2024, the precise amount and timing of compensation from these claims, if any, cannot be determined, and therefore no amount has been reflected in these consolidated financial statements.

21. Income taxes

(a) Tax expense recognized in statements of income

	December 31, 2024	December 31, 2023
Current tax expense	62	125
Deferred tax expense		
Origination and reversal of temporary differences	6,820	8,645
Changes in tax rates	139	-
Conversion of Convertible Loan Facility	(83)	-
Adjustment in respect of prior years	20	337
Change in recognized deductible temporary differences	(783)	-
	6,113	8,982
Total tax expense	6,175	9,107

(b) Reconciliation of effective tax rate

Income tax expense varies from the amount that would be computed by applying the expected basic federal and provincial income tax rates for Canada at December 31, 2024 of 23% (December 31, 2023 – 23%) to income before income taxes. A reconciliation of this difference is presented below.

A reconciliation of the differences is as follows:

	December 31, 2024	December 31, 2023
Net income before tax	28,121	37,402
Statutory tax rate	23%	23%
Computed income taxes	6,468	8,602
Increase (decrease) in taxes:		
Change in recognized deductible temporary differences	139	-
Conversion of Convertible Loan Facility	(83)	-
Changes in tax rates	139	-
Non-deductible expenses, net	412	168
Recognition in use of capital losses	(920)	-
Adjustments in respect of prior years	20	337
Total tax expense	6,175	9,107

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

21. Income taxes (continued)

(c) Unrecognized deferred tax assets

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As at December 31, 2024, $108,392 (December 31, 2023 - $108,392) of the tax loss carry-forwards pools are unrecognized. These assets are unrecognized primarily due to uncertainty in the Corporation's ability to utilize the asset.

(d) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
December 31,	2024	2023	2024	2023	2024	2023
Non-capital loss carry forwards	451	1,481	-	-	451	1,481
Capital assets	-	-	(23,624)	(19,708)	(23,624)	(19,708)
Other	2,731	3,898	-	-	2,731	3,898
Net tax liabilities	3,182	5,379	(23,624)	(19,708)	(20,442)	(14,329)

(e) Movement in deferred tax assets (liabilities) during the year:

	Net Operating	Capital Assets	Other	Total
At December 31, 2022	-	(7,595)	2,248	(5,347)
Credited (charged) to income	1,481	(12,113)	1,650	(8,982)
At December 31, 2023	1,481	(19,708)	3,898	(14,329)
Credited (charged) to income	(1,030)	(3,916)	(1,167)	(6,113)
At December 31, 2024	451	(23,624)	2,731	(20,442)

22. Related party transactions

Compensation of key management personnel:

	December 31, 2024	December 31, 2023
Short-term employee benefits, including wages and benefits	2,113	2,277
Share-based compensation	740	503
Total	2,853	2,780

Key management personnel include the Corporation’s Directors and Named Executive Officers.

Other than the Corporation’s subordinated Convertible Loan (note 10b), there were no other related party transactions during 2024 or 2023.

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

23. Change in non-cash working capital

	December 31, 2024	December 31, 2023
Operating activities		
Trade and other receivables	41,633	(32,768)
Prepaid expenses and deposits	2,058	(2,701)
Trade and other payables	(1,413)	6,775
	42,278	(28,694)

	December 31, 2024	December 31, 2023
Investing activities		
Trade and other payables	(819)	(3,501)
Restricted cash	8,067	(4,200)
	7,248	(7,701)

24. Financial risk management

The Corporation has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- foreign currency exchange risk
- interest rate risk
- commodity price risk

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital.

The Board of Directors have overall responsibility for the establishment and oversight of MAXIM's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring MAXIM's compliance with risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

MAXIM's risk management policies are established to identify and analyze the risks faced by MAXIM, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and MAXIM's activities. MAXIM, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Risk management assets recognized on the Consolidated Statement of Financial Position are attributable to the following:

(a) Credit risk

Credit risk arises from the possibility that a counterparty that owes money to the Corporation is unable or unwilling to fulfill their obligations. The extent of the risk depends on the credit quality of the counterparty to which the Corporation provides goods or services.

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

24. Financial risk management (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	December 31, 2024	December 31, 2023
Cash and cash equivalents	30,068	32,258
Restricted cash (note 8)	8,451	16,518
Risk management assets	462	1,584
Trade and other receivables	6,244	47,877
Total	45,225	98,237

Trade and other receivables are predominantly with entities formed by governments for the purpose of facilitating commerce in the power and utility sector or a banking counterparty with a Standard & Poor's rating discussed below. For trade and other receivables and risk management assets from third parties and deposits to vendors who are not government sponsored entities, the Corporation utilizes regular credit monitoring processes to mitigate credit risk. MAXIM does not expect any losses from trade and other receivables and risk management assets.

As at December 31, 2024, the Corporation had no past due receivables.

Cash and cash equivalents and restricted cash are held with banking counterparties, which are rated AA and AA-, based on rating agency Standard & Poor's.

(b) Liquidity risk

Liquidity risk is the risk that MAXIM will not be able to meet its financial obligations as they fall due. MAXIM's approach to managing liquidity is through regular monitoring of cash requirements by preparing balance of year and long-term cash flow analyses.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

December 31, 2024	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2 to 3 years	4 to 5 years
Non-derivative financial instruments						
Trade and other payables (1)	11,188	11,188	11,091	20	50	27
	11,188	11,188	11,091	20	50	27

December 31, 2023	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2 to 3 years	4 to 5 years
Non-derivative financial instruments						
Trade and other payables (1)	13,398	13,398	13,307	20	20	27
Loans and borrowings	81,203	99,771	5,031	7,951	86,789	-
	94,601	113,169	18,338	7,971	86,809	27

(1) Trade and other payables include MAXIM's lease obligation. Lease obligation matures in October 2027.

24. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and commodity price risks will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control risk exposures, while optimizing cash flows to the Corporation.

(i) Foreign currency exchange risk

The Corporation is exposed to foreign currency exchange risk to the extent that expenses and liabilities are denominated in currencies that differ from the functional currency of the respective entity within the consolidated group. The Corporation has not hedged the exposure related to capital expenditures, revenues and expenses. At December 31, 2024, the Corporation is exposed to foreign currency exchange risk relating to accounts payable denominated in United States dollars. A strengthening (weakening) of the Canadian dollar by 10% against the United States dollar for the year ended December 31, 2024 would have decreased (increased) accounts payable by $50 (2023 - $63) as a result of these exposures.

(ii) Interest rate risk

Interest rate risk is the risk of change in the borrowing and investing rates of the Corporation. MAXIM partially mitigates its interest rate risk by maintaining fixed rate loans and borrowings and periodically entering into interest rate swap agreements to change floating rate debt to fixed rate debt. MAXIM's $25,000 Revolver Facility #1 is at variable rates and is the Corporation's only credit facility with availability. As at December 31, 2024 no amounts are drawn on this facility and therefore MAXIM's interest rate risk is currently nil until the facility is drawn upon.

(iii) Commodity price risk

Commodity price risk is the risk of price volatility of commodity prices, such as electricity and natural gas. The Corporation periodically reduces its exposure to commodity price risk by entering fixed floating swaps for the price of electricity and natural gas in Alberta. Based on the unsettled power commodity swaps for the year ended December 31, 2024, an appreciation in electricity prices in the Alberta power market by $1 per MWh would have decreased risk management assets relating to unsettled power commodity swaps by $287 (2023 - $168). A weakening of electricity prices by this amount would have the opposite effect on risk management assets relating to unsettled power commodity swaps. Based on the unsettled natural gas commodity swaps for the year ended December 31, 2024, an appreciation in natural gas prices in the Alberta natural gas commodity market by $0.10 per GJ would have decreased the risk management liability related to natural gas commodity swaps by $431 (2023 - $807). A weakening of natural gas prices by this amount would have the opposite effect on risk management liability related to natural gas commodity swaps.

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

25. Fair value

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

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

The Corporation is required to recognize and disclose the fair value of financial assets and liabilities. The Corporation's financial assets and financial liabilities that are not risk management swaps or options or loans and borrowings are all classified as Level I under the fair value hierarchy as they are based on unadjusted quoted prices in active markets for identical instruments.

The fair value of the loans and borrowings are classified as Level II under the fair value hierarchy as the fair values are based on observable market data.

(a) Commodity risk management swaps

The fair values of the power and natural gas commodity swaps are classified as Level II under the fair value hierarchy as the fair values are based on observable market data. The Corporation determined the fair value of the swaps by applying the market approach using market settled forward prices as reported by the Natural Gas Exchange for forward contracts of comparable term at the reporting date.

Realized gain on commodity swaps

	December 31, 2024	December 31, 2023
Realized gain on power swaps	(13,131)	(1,444)
Realized loss on natural gas swaps	11,700	1,002
Total realized gain on commodity swaps	(1,431)	(442)

Unrealized loss (gain) on commodity swaps

	December 31, 2024	December 31, 2023
Unrealized loss (gain) on power swaps	1,114	(1,548)
Unrealized loss (gain) on natural gas swaps	(8,001)	8,369
Total unrealized loss (gain) on commodity swaps	(6,887)	6,821

Loss (gain) on commodity swaps

Total realized and unrealized loss (gain) on commodity swaps	(8,318)	6,379

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

25. Fair value (continued)

(b) Carrying amount of risk management asset and liabilities

Current risk management asset

	December 31, 2024	December 31, 2023
Power commodity swaps	462	1,584
Total carrying amount of current risk management asset	462	1,584

The carrying amount of current risk management asset represents the unrealized asset from the power commodity swaps.

Current risk management liability

	December 31, 2024	December 31, 2023
Natural gas commodity swaps	367	8,369
Power commodity swaps	29	36
Total carrying amount of current risk management liability	396	8,405

The carrying amount of current risk management liability represents the unrealized liability from the power and natural gas commodity swaps.

(c) Foreign exchange risk management swap and options

The Corporation manages this exposure by purchasing foreign currency or entering into foreign currency swaps and purchasing put options, for a portion of the exposure. The fair value of the foreign currency swap and put options are classified as Level II under the fair value hierarchy as the fair values are based on observable market data.

At December 31, 2024 and 2023, the Corporation had no outstanding foreign exchange risk management swaps and options.

26. Capital management

MAXIM manages its capital in a manner consistent with the risk characteristics of the assets it holds. All capital transactions, including equity, debt, and capital leases, are analyzed by management and approved by the Board of Directors.

The Corporation's objectives when managing capital are:

(a) to safeguard the Corporation's ability to continue as a going concern and provide returns for shareholders;

(b) to facilitate the acquisition or development of power projects in Canada that are accretive to providers of capital.

The Corporation is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential expenditures, preparing balance of year and long-term cash flow analyses to ensure an adequate amount of liquidity and monthly review of financial results.

The Corporation uses loans and borrowings to finance capital projects and provide liquidity.

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

26. Capital management (continued)

The following table represents the net capital employed by the Corporation:

	December 31, 2024	December 31, 2023
Loans and borrowings	-	81,203
Less: Unrestricted cash	(30,068)	(32,258)
(Cash) Net debt	(30,068)	48,945
Equity attributable to shareholders	316,020	297,745
Net capital	285,952	346,690

27. Subsequent event

On February 18, 2025, MAXIM entered into a Purchase and Sale Agreement ("PSA") to sell the Corporation's wholly-owned subsidiaries Summit Coal Limited Partnership and Summit Coal Inc. (collectively "Summit") to Valory Resources Inc. ("Valory"). Under the terms of the PSA, Valory will pay a total purchase price of $14,150, consisting of $10,150 million cash and $4,000 of equity securities in the form of either (i) common shares of Valory, or (ii) an interest-bearing note convertible into Valory common shares, at MAXIM's election, prior to Closing of the PSA. Summit will be sold with $2,150 of restricted cash, resulting in net cash proceeds on Closing to MAXIM of $8,000.