Management's Discussion and Analysis

For the three and nine month periods ended September 30, 2024

November 13, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the condensed interim consolidated financial and operating results of Tidewater Midstream and Infrastructure Ltd. and its subsidiaries ("Tidewater" or the "Corporation" when referring to the consolidated group, and "Tidewater Midstream" when referring to the legal entity) is dated November 13, 2024, and should be read in conjunction with Tidewater's unaudited condensed interim consolidated financial statements as at and for the three and nine month periods ended September 30, 2024 and 2023 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), representing generally accepted accounting principles ("GAAP"). This MD&A contains non-GAAP measures which are used to measure and analyze financial performance, financial position, and cash flow and therefore may not be comparable to similar measures presented by other entities. This MD&A also contains forward-looking statements. Readers are cautioned that the MD&A should be read in conjunction with Tidewater's disclosure under "Non-GAAP Measures" and "Forward-Looking Information" included at the end of this MD&A. Unless otherwise indicated, references herein to "$" or "dollars" are to Canadian dollars.

Management is responsible for preparing the MD&A. The MD&A has been reviewed and recommended by the Audit Committee of Tidewater Midstream's Board of Directors (the "Board") and approved by the Board.

BUSINESS OVERVIEW

Tidewater's business objective is to build a diversified midstream and infrastructure company across the North American gas processing, natural gas liquids ("NGL"), petroleum refining, and renewables markets. The Corporation's strategy is to profitably grow and create shareholder value by acquiring and building high quality, strategically located infrastructure. To achieve its business objective, Tidewater is focused on providing customers with a full service, vertically integrated value chain through the acquisition and development of energy infrastructure, including downstream facilities, natural gas processing facilities, natural gas liquids infrastructure, pipelines, storage, and various renewable initiatives. To complement its infrastructure asset base, the Corporation also markets crude oil, refined products, natural gas, NGLs and renewable products and services to customers across North America.

Tidewater's key midstream assets include: the Brazeau River Complex and Fractionation Facility ("BRC"), a full-service natural gas and NGL processing facility with natural gas storage pools, and the Ram River Gas Plant, a sour natural gas processing facility with sulfur handling solutions and rail connections.

Tidewater's downstream assets supply highly profitable refined products to a niche market and provide an asset base for renewables initiatives. The key downstream asset is the Prince George Refinery ("PGR"), the sole light oil refinery within the interior British Columbia ("BC") market. The PGR refines crude oil feedstock into gasoline and diesel and is where the Corporation's co-processing activities take place. The Renewable Diesel & Renewable Hydrogen Complex ("HDRD Complex") owned by Tidewater Renewables Ltd. ("Tidewater Renewables") is also located in Prince George, adjacent to the PGR.

Tidewater's common shares are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "TWM".

Additional information relating to Tidewater is available on SEDAR+ at www.sedarplus.ca and at www.tidewatermidstream.com.

HIGHLIGHTS

- Net income attributable to shareholders increased by $15.6 million to a net loss of $7.3 million in the third quarter 2024, from a net loss of $22.9 million in the same period of 2023. The improvement was largely due to higher operating income offset by higher costs on renewable feedstock contracts.
- Consolidated adjusted EBITDA[1] was $29.2 million for the third quarter of 2024, compared to $37.5 million in the third quarter of 2023, proforma of the divestiture of the Pipestone Natural Gas Plant and Dimsdale natural gas storage assets to AltaGas Ltd. ("AltaGas") in December 2023.
- During the third quarter of 2024, Tidewater Midstream completed a related party transaction with Tidewater Renewables (the "Transaction"), in which Tidewater Midstream acquired various assets from Tidewater Renewables, including the canola co-processing infrastructure, the fluid catalytic cracking co-processing infrastructure, working interests in various other Prince George refinery units, and a natural gas storage facility located at the Brazeau River Complex (collectively, the "Acquired Assets") for cash consideration of $122.0 million, plus the assumption of certain liabilities related to the Acquired Assets. Additionally, as part of the consideration, Tidewater Midstream assigned the right to receive certain BC LCFS emission credits with a minimum value of $7.7 million to Tidewater Renewables.
- Tidewater Midstream and Tidewater Renewables also entered into an agreement for the purchase and sale of credits, pursuant to which Tidewater Midstream purchased BC LCFS emission credits from Tidewater Renewables on September 12, 2024, for an aggregate purchase price of approximately $7.2 million, and will also purchase additional BC LCFS emission credits (subject to certain monthly average limits) from Tidewater Renewables until March 31, 2025, for total cash proceeds of approximately $77.5 million (assuming the HDRD Complex continues to operate at over 90% utilization).
- Concurrent with the close of the Transaction, the Corporation successfully amended and restated the Tidewater Midstream Senior Credit Facility, increasing the aggregate revolving capacity by $25 million, from $150 million to $175 million, and extending the maturity date from February 10, 2026 to September 12, 2026. The Corporation has also added a three-year delayed-draw term loan of $150 million to finance the Acquired Assets and the portion of the BC LCFS emission credits discussed above.
- On September 12, 2024, Tidewater Renewables closed the sale of its used cooking oil feedstock assets, generating total proceeds of $10.6 million. The proceeds from this transaction were used to reduce outstanding debt on the Tidewater Renewables Senior Credit Facility.

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(1) Non-GAAP financial measure. See the "Non-GAAP Measures" section of this MD&A.

CONSOLIDATED AND DECONSOLIDATED FINANCIAL HIGHLIGHTS

In addition to reviewing consolidated results, management also reviews net loss attributable to shareholders, net loss attributable to shareholders per share, adjusted EBITDA, distributable cash flow attributed to shareholders, distributable cash flow attributed to shareholders per share, net debt, and capital expenditures, excluding the impact of the Corporation's ownership in Tidewater Renewables (referred to as "Tidewater Deconsolidated") to further evaluate financial results, financial position, leverage, and to calculate debt covenants. Tidewater Deconsolidated measures are non-GAAP measures. Readers should refer to the "Non-GAAP Measures" section of this MD&A for more information on the composition of these values.

	Three months ended September 30			
	Tidewater Deconsolidated [(2)]		Tidewater Consolidated	
(in millions of Canadian dollars except per share information)	**2024**	2023	**2024**	2023
Net loss attributable to shareholders	**$ (13.2)**	$ (18.8)	**$ (7.3)**	$ (22.9)
Net loss attributable to shareholders per share - basic	**$ (0.03)**	$ (0.04)	**$ (0.02)**	$ (0.05)
Adjusted EBITDA [(1)]	**$ 15.5**	$ 34.1	**$ 29.2**	$ 48.6
Distributable cash flow attributable to shareholders [(1)]	**$ (3.2)**	$ (0.2)	**$ (1.2)**	$ 2.0
Distributable cash flow per share – basic [(1)]	**$ (0.01)**	$ -	**$ -**	$ -
Net debt [(3)]	**$ 383.2**	$ 618.9	**$ 566.5**	$ 953.0
Total capital expenditures	**$ 2.4**	$ 5.7	**$ 3.9**	$ 39.3

(1) Non-GAAP financial measures. See the "Non-GAAP Measures" section of this MD&A.
(2) Deconsolidated results exclude the results of Tidewater Renewables. See the "Non-GAAP Measures" section of this MD&A for information on deconsolidated measures.
(3) Capital management measure. See the "Non-GAAP Measures" section of this MD&A.

	Nine months ended September 30			
	Tidewater Deconsolidated [(2)]		Tidewater Consolidated	
(in millions of Canadian dollars except per share information)	**2024**	2023	**2024**	2023
Net loss attributable to shareholders	**$ (43.1)**	$ (41.9)	**$ (23.3)**	$ (54.1)
Net loss attributable to shareholders per share - basic	**$ (0.10)**	$ (0.10)	**$ (0.05)**	$ (0.13)
Adjusted EBITDA [(1)]	**$ 45.8**	$ 106.3	**$ 114.3**	$ 141.5
Distributable cash flow attributable to shareholders [(1)]	**$ (16.1)**	$ (28.7)	**$ 8.6**	$ (28.3)
Distributable cash flow per share – basic [(1)]	**$ (0.04)**	$ (0.07)	**$ 0.02**	$ (0.07)
Net debt [(3)]	**$ 383.2**	$ 618.9	**$ 566.5**	$ 953.0
Total capital expenditures	**$ 17.9**	$ 67.7	**$ 33.7**	$ 241.4

(1) Non-GAAP financial measures. See the "Non-GAAP Measures" section of this MD&A.
(2) Deconsolidated results exclude the results of Tidewater Renewables. See the "Non-GAAP Measures" section of this MD&A for information on deconsolidated measures.
(3) Capital management measure. See the "Non-GAAP Measures" section of this MD&A.

OUTLOOK AND CORPORATE UPDATE

Tidewater's strategy is supported by three key operational initiatives: maintaining safe and reliable operations, generating return on assets through maximizing facility throughput and optimizing the existing asset base, and achieving synergies through corporate integration.

Tidewater remains optimistic about the opportunities for natural gas processing, as LNG Canada and other liquified natural gas export terminals start to ramp up next year. However, the current uncertainty surrounding the emission credit market, negative pressure on short term AECO natural gas pricing, and producers continuing to shut in production is creating near term challenges. As a result, the Corporation expects its 2024 consolidated adjusted EBITDA[(1)] to be near the lower end of the previously disclosed $130 million to $150 million range. Combined with the revised consolidated capital maintenance forecast for 2024 discussed below, the revisions will have a net positive impact on anticipated free cash flow.

Earlier in the year Tidewater implemented general and administrative cost cutting initiatives that are anticipated to result in savings of approximately $5.0 million for 2024, and $7.0 million on a run-rate basis.

During the remainder of 2024, Tidewater Renewables will continue to optimize the HDRD Complex's operating costs and progress front-end engineering design on its previously announced sustainable aviation fuel ("SAF") project. The SAF project remains subject to a final investment decision which is expected in 2025.

On September 12, 2024, Tidewater Renewables completed the sale of its used cooking oil feedstock assets for total proceeds of $10.6 million. The proceeds from this transaction were used to reduce outstanding debt on the Tidewater Renewables Senior Credit Facility.

Transaction between Tidewater Midstream and Tidewater Renewables

On September 12, 2024, Tidewater Midstream and Tidewater Renewables announced the closing of the previously announced related party Transaction.

Under the Transaction, Tidewater Midstream acquired various assets from Tidewater Renewables including the canola co-processing infrastructure, the fluid catalytic cracking co-processing infrastructure, working interests in various other Prince George refinery units, and a natural gas storage facility located at the BRC (collectively the "Acquired Assets) for cash consideration of $122.0 million, plus the assumption of certain liabilities related to the Acquired Assets. In addition, as part of the consideration, Tidewater Midstream assigned the right to receive certain BC LCFS emission credits to Tidewater Renewables with a minimum value of $7.7 million. Tidewater Renewables used the cash proceeds to repay amounts outstanding on its Senior Credit Facility.

Furthermore, on September 12, 2024, Tidewater Midstream and Tidewater Renewables entered into an agreement for the purchase and sale of credits, pursuant to which Tidewater Midstream purchased BC LCFS emission credits from Tidewater Renewables on September 12, 2024, for an aggregate purchase price of approximately $7.2 million, and will also purchase additional BC LCFS emission credits (subject to certain monthly average limits) from Tidewater Renewables until March 31, 2025 for total cash proceeds of approximately $77.5 million (assuming the HDRD Complex continues to operate at over 90% utilization). A portion of such BC LCFS credits are being purchased subject to the exercise of a put option in favour of Tidewater Renewables and/or a call option in favour of Tidewater Midstream. The cash proceeds for the purchase of additional BC LCFS emission credits are paid monthly by Tidewater

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[(1)] Non-GAAP financial measure. See the "Non-GAAP Measures" section of this MD&A.

Midstream as the BC LCFS emission credits are purchased from Tidewater Renewables. During the third quarter, Tidewater Midstream purchased $10.1 million in additional BC LCFS emission credits from Tidewater Renewables.

Refinancing and Extension of Credit Facilities

Concurrent with the closing of the Transaction, Tidewater Midstream amended and restated its Senior Credit Facility, increasing the aggregate revolving capacity by $25 million, from $150 million to $175 million, and extending the maturity date from February 10, 2026 to September 12, 2026. Tidewater Midstream also added a three-year delayed-draw term loan of $150 million to finance the Acquired Assets and a portion of the BC LCFS credits discussed above. For additional information on the refinancing of the Tidewater Midstream Senior Credit Facility, readers should refer to note 8 *Bank Debt* of the Financial Statements and the **LIQUIDITY AND CAPITAL RESOURCES** section of this MD&A.

Also concurrent with closing of the Transaction, Tidewater Renewables refinanced its Senior Credit Facility and the Tidewater Renewables Second Lien Credit Facility (each as defined below). The aggregate principal amount of the Tidewater Renewables Senior Credit Facility was reduced from $175 million to $30 million, certain terms were amended, and the maturity date was extended from September 18, 2024 to February 28, 2026. Additionally, the maturity of the $25 million tranche B second lien credit facility (the “Tranche B Facility”) was extended from September 18, 2024 to February 28, 2026 (with the $150 million tranche A second lien credit facility (the “ Tranche A Facility”) maturity date remaining unchanged at October 24, 2027). A new $33 million tranche C second lien credit facility (the Tranche C Facility”) and, together with the Tranche A Facility and Tranche B Facility, the ”Tidewater Renewables Second Lien Credit Facility”) was also added, for the purpose of refinancing the Tidewater Renewables Senior Credit Facility in certain circumstances. The terms of the Tranche A Facility and Tranche B Facility were also amended in a manner consistent with the amended Senior Credit Facility. For additional information on the Tidewater Renewables Second Lien Credit Facility, readers should refer to note 9 *Second Lien Credit Facility* of the Financial Statements and the **LIQUIDITY AND CAPITAL RESOURCES** section of this MD&A.

In conjunction with the extension of Tidewater Renewables’ Second Lien Credit Facility, which is provided by an affiliate of the Alberta Investment Management Corporation (the "Term Lender"), Tidewater Renewables issued warrants to an affiliate of the Term Lender (the "2024 Warrants") to acquire 1,000,000 common shares of Tidewater Renewables at an exercise price of $3.99 per share. For additional information on the refinancing of the Tidewater Renewables Senior Credit Facility, the Tidewater Renewables Second Lien Credit Facility, and the 2024 Warrants, readers should refer to note 8 *Bank Debt* and note 9 *Second Lien Credit Facility* of the Financial Statements and the **LIQUIDITY AND CAPITAL RESOURCES** section of this MD&A.

The completion of the Transaction improved Tidewater Renewables’ leverage profile and reduced cash interest costs, providing some relief to the short-term liquidity issues caused by the significant decline in BC LCFS emission credit prices attributed to the overlapping U.S. and Canadian low carbon fuel policies, and the resulting inflow of U.S. renewable diesel from the oversupplied U.S. renewable fuel market into the higher value British Columbia market.

In the longer-term, Tidewater Renewables believes that the combination of supply and demand fundamentals forcing the shut-in of high-cost U.S. renewable fuel production, tightening California LCFS compliance obligations, and tightening BC LCFS compliance obligations should ease the pricing pressure on and increase the demand for BC LCFS emission credits and renewable diesel. In addition, cold weather diesel specifications are expected to limit physical imports of renewable diesel into BC in the fourth quarter of 2024 and first quarter of 2025 which should also assist in increasing demand and easing pricing pressures.

Tidewater Renewables has engaged in discussions with the Government of Canada and the Government of British Columbia to discuss potential changes the Governments could make to the low carbon fuel regulations in an effort to improve liquidity and pricing stability for emission credits. Further, Tidewater Renewables has engaged external trade law counsel for the purpose of advising on and preparing a trade remedy complaint against renewable diesel imports from U.S. that management believes are unfairly priced and having a significant negative impact the competitiveness of domestic operations. Tidewater Renewables is seeking fair competition to support the viability and further growth of the Canadian renewable diesel industry, which will also enhance Canadian energy security. If a government investigation initiates and concludes that unfairly traded imports are harming Canadian production, duty relief would then be available in 2025.

Looking ahead, if no substantive changes to the regulations have been implemented by the end of the first quarter of 2025, and if no regulatory relief is forthcoming in response to Tidewater Renewables' anti-dumping and anti-subsidization complaint, Tidewater Renewables will be compelled to consider alternative strategies to address the challenges facing the business. Additionally, if there are no indications of demand and price recovery in the emissions credit market by that time, Tidewater Renewables may need to take actions to ensure its financial stability and sustainability.

In such circumstances, Tidewater Renewables may explore options including, but not limited to, further asset dispositions, corporate restructuring, alternative debt and equity financing, and refinancing arrangements. Should these efforts ultimately prove insufficient or unsuccessful, Tidewater Renewables' ability to continue as a going concern may be in jeopardy.

Tidewater Renewables is fully aware of the potential risks and challenges inherent in these courses of action and will take all necessary steps to protect the interests of its stakeholders while navigating these difficult market conditions and decisions.

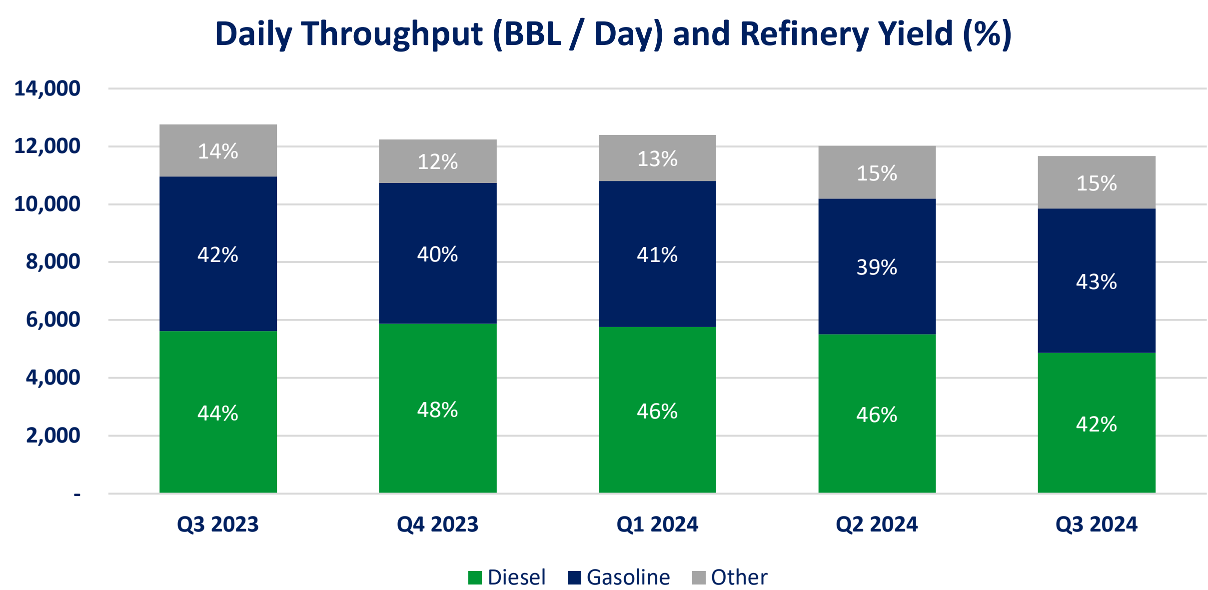
Prince George Refinery

The PGR is a 12,000 bbl/day light oil refinery that predominantly produces low sulfur diesel and gasoline to supply the greater Prince George region. The PGR has significant onsite storage capacity of more than 1.0 MMbbl and flexible logistics, with pipeline, rail, and truck connectivity. The Prince George region is a net importer of refined products, and the refinery's location within the region makes it a critical piece of infrastructure with a significant logistical advantage to satisfy demand in British Columbia.

During the third quarter of 2024, total throughput at the PGR was 11,664 bbl/day, 3% lower than the second quarter of 2024, and 9% lower than the third quarter of 2023 primarily due to a third-party outage in the current quarter that slightly decreased the volume of crude feedstock coming into the facility. The PGR is currently on a four-year turnaround cycle, with the next scheduled turnaround in the second quarter of 2027.

As previously disclosed, Tidewater's five-year offtake agreement (the "Cenovus Offtake Agreement") with Cenovus Energy Inc. expired on November 1, 2024. The Cenovus Offtake Agreement provided for the sale of the majority of the nameplate capacity on diesel and gasoline volumes produced at the PGR. The Corporation is now directly marketing diesel and gasoline volumes from the PGR and HDRD Complex to various customers. As of the date of this MD&A, Tidewater has entered into agreements with purchasers for the sale of the vast majority of the nameplate capacity on diesel and gasoline volumes produced at the PGR and the HDRD Complex for the remainder of 2024 and is in the process of marketing the nameplate capacity on diesel and gasoline volumes produced at the PGR and the HDRD Complex for 2025. Current market discounts are wider than those at the time the Cenovus Offtake Agreement was entered into, largely stemming from the oversupply of imported diesel in Western Canada as well as North American supply and demand fundamentals. These wider discounts are expected to yield lower margins, until the government addresses the unbalanced trade environment. Tidewater is working to optimize its netbacks on its diesel and gasoline. While Tidewater is focused on Western Canadian markets, in the event the Corporation is unable to place all its products in Western Canada, it may be required to export the balance to potentially lower margin markets.

Tidewater's daily throughput and refined product yields at the PGR were as follows:



Tidewater's refining margins are largely driven by commodity prices, particularly the cost of crude feedstock and other raw materials, along with market prices for refined products. The Prince George crack spread averaged $84/bbl during the third quarter of 2024, a 5% increase from the second quarter of 2024 and a 3% decrease from the third quarter of 2023. The increase from the second quarter of 2024 is largely due to a decrease in the price of crude feedstock. The decrease from the third quarter of 2023 was primarily due to lower diesel and gasoline pricing, partially offset by lower costs for crude feedstock. Gasoline sales volumes in the third quarter of 2024 decreased compared to both the second quarter of 2024 and the third quarter of 2023 due to lower sales outside of the Cenovus Offtake Agreement. Diesel sales volumes in the third quarter of 2024 increased compared to the third quarter of 2023 due to higher sales outside of the Cenovus Offtake Agreement.

HDRD Complex

Tidewater Renewables' HDRD Complex is Canada's first standalone renewable diesel facility and is located adjacent to the PGR. The HDRD Complex is designed to process 3,000 bbl/d of renewable feedstock and utilizes renewable hydrogen to reduce its carbon intensity. The HDRD Complex's pre-treatment facility enables the Corporation to utilize a wide variety of feedstocks in the production of renewable fuels. This flexibility reduces dependency on specific feedstocks and optimizes refining costs. The Corporation has entered into financial forward contracts for vegetable oils and refined products to minimize commodity price exposure and protect its cash flows. The Corporation remains hedged on approximately 50% and 30% of its feedstock volume requirements through 2024 and 2025, respectively.

Tidewater Renewables' primary focus continues to be on maintaining a high and consistent utilization rate at the HDRD Complex. During the three and nine months ended September 30, 2024, the HDRD Complex averaged daily throughput of approximately 2,849 bbl/d and 2,630 bbl/d, respectively. Tidewater Renewables expects full year utilization to exceed the previously announced target of 2,550 bbl/d, representing 85% of design capacity.

Across North America, fuel suppliers are subject to numerous mandates to decrease the carbon intensity of their fuels. These mandates include federal programs such as the Canadian Clean Fuel Regulation and the U.S. Renewable Fuel Standard Program, as well as provincial and state-level programs including the British Columbia, California, Oregon, and Washington low carbon fuel standard programs. To comply with these mandates, fuel suppliers must either lower the carbon intensity of their fuel, undertake approved capital projects to reduce emissions, or acquire emission credits from other fuel suppliers.

The renewable fuel produced by Tidewater Renewables has a carbon intensity low enough to generate environmental credits in various jurisdictions which are referred to as "operating emission credits". These operating emission credits may be sold "attached" to the fuel or separated and sold independently. Operating emission credits are, in many but not all cases, fungible with "capital emission credits", which Tidewater Renewables receives under agreements for achieving engineering or construction milestones on certain capital projects.

Brazeau River Complex and Fractionation Facility

The BRC offers a full suite of services to producers, including 180 MMcf/day of deep cut natural gas processing capacity, NGL and condensate pipeline connections, NGL fractionation capacity, truck loading and offloading facilities, physical natural gas storage facilities, and two natural gas transportation connections.

The BRC gas processing facility had throughput of 124 MMcf/day in the third quarter of 2024, 34 MMcf/day higher than the second quarter of 2024 during which a scheduled three-week turnaround was completed, and 30 MMcf/day lower than the third quarter of 2023, largely due to lower producer volumes flowing into the facility as a result of the decrease in natural gas prices, partially offset by higher straddle volumes.

The BRC fractionation facility utilization averaged 82% in the third quarter of 2024, compared to 68% utilization in the second quarter of 2024 due to the scheduled second quarter turnaround, and compared to 87% utilization in the third quarter of 2023 largely due to lower producer volumes. Utilization of the BRC fractionation facility may vary as NGL recoveries are dependent on the gas composition coming into facility.

Ram River Gas Plant

Tidewater has a 95% operated working interest in the Ram River Gas Plant, a rail-connected sour natural gas processing facility with sulfur handling facilities located in the Strachan region in west central Alberta.

The Ram River Gas Plant had throughput of 31 MMcf/d in the third quarter of 2024, 62 MMcf/d lower than the 93 MMcf/day during the second quarter of 2024, and 57 MMcf/d lower compared to 88 MMcf/d in the third quarter of 2023. Gas processing activities at the Ram River Gas Plant have been temporarily shut-in due to a decline in producer volume resulting from depressed natural gas prices. Natural gas prices are forecasted to recover during 2025, and gas processing operations are expected to resume as producer activity restarts. Sulfur handling activities continue to be operational.

CAPITAL PROGRAM

Tidewater's 2024 maintenance capital program was weighted to the first half of 2024, focused primarily on the BRC turnaround that was successfully completed in the second quarter of 2024. Full-year 2024 consolidated maintenance capital is expected to be in the range of $25 million to $30 million, revised down from the previous guidance of $35 million to $40 million.

RESULTS OF OPERATIONS

Financial overview

	Three months ended September 30,		Nine months ended September 30,	
(in millions of Canadian dollars except per share and percentage information)	**2024**	2023	**2024**	2023
Revenue	**$ 377.7**	$ 582.1	**$ 1,278.5**	$ 1,705.3
Operating expenses	**$ 327.7**	$ 535.8	**$ 1,108.6**	$ 1,576.7
General and administrative	**$ 10.5**	$ 12.3	**$ 33.0**	$ 32.1
Share-based compensation	**$ 1.8**	$ 3.8	**$ 4.6**	$ 11.7
Depreciation	**$ 21.2**	$ 25.9	**$ 65.7**	$ 70.5
Finance costs and other	**$ 20.1**	$ 26.0	**$ 60.0**	$ 73.3
Realized loss (gain) on derivative contracts	**$ 13.2**	$ (5.3)	**$ 34.8**	$ (23.2)
Unrealized (gain) loss on derivative contracts	**$ (18.9)**	$ 14.8	**$ (16.0)**	$ 44.2
Realized gain on marketable securities	**$ -**	$ -	**$ (5.0)**	$ -
Impairment expense	**$ 4.6**	$ -	**$ 4.6**	$ -
(Gain) loss on sale of assets	**$ (0.9)**	$ 0.4	**$ (0.9)**	$ 1.3
Loss (income) from equity investments	**$ 0.7**	$ (1.7)	**$ 0.1**	$ (7.4)
Transaction costs	**$ 3.0**	$ 2.8	**$ 4.3**	$ 4.5
Deferred income tax recovery	**$ -**	$ (7.8)	**$ -**	$ (17.8)
Net loss attributable to shareholders	**$ (7.3)**	$ (22.9)	**$ (23.3)**	$ (54.1)
Basic and diluted net loss attributable to shareholders per share	**$ (0.02)**	$ (0.05)	**$ (0.05)**	$ (0.13)
Net cash (used in) provided by operating activities	**$ (48.9)**	$ 61.4	**$ (50.4)**	$ 142.7
Total common shares outstanding (millions)	**430.2**	426.2	**430.2**	426.2
Total consolidated assets	**$ 1,254.5**	$ 2,277.0	**$ 1,254.5**	$ 2,277.0

Results overview

Gross margin by revenue category

(in millions of Canadian dollars) **Three months ended September 30, 2024**		**Midstream**	**Downstream**	**Marketing and Other**	**Total**
Revenue from external customers	**$**	**21.3**	**237.9**	**118.5**	**377.7**
Operating expenses from external vendors		**22.3**	**190.8**	**114.6**	**327.7**
Gross margin	**$**	**(1.0)**	**47.1**	**3.9**	**50.0**

Three months ended September 30, 2023		Midstream		Downstream		Marketing and Other		Total
Revenue from external customers	$	57.2	$	226.6	$	298.3	$	582.1
Operating expenses from external vendors		28.6		197.3		309.9		535.8
Gross margin	$	28.6	$	29.3	$	(11.6)	$	46.3

(in millions of Canadian dollars) **Nine months ended September 30, 2024**		**Midstream**	**Downstream**	**Marketing and Other**	**Total**
Revenue from external customers	**$**	**84.9**	**766.8**	**426.8**	**1,278.5**
Operating expenses from external vendors		**63.0**	**625.8**	**419.8**	**1,108.6**
Gross margin	**$**	**21.9**	**141.0**	**7.0**	**169.9**

Nine months ended September 30, 2023		Midstream		Downstream		Marketing and Other		Total
Revenue from external customers	$	181.6	$	589.1	$	934.6	$	1,705.3
Operating expenses from external vendors		93.8		527.1		955.8		1,576.7
Gross margin	$	87.8	$	62.0	$	(21.2)	$	128.6

Revenue and operating expenses

Revenue in the third quarter of 2024 decreased by $204.4 million to $377.7 million, from $582.1 million in the same period of 2023, primarily due to the sale of the Pipestone gas plant and associated facilities (the "Pipestone Assets") in the fourth quarter of 2023, no production at the Acheson gas plant and propylene splitter ("Acheson") during 2024, reduced throughput at the BRC, and the temporary shut-in of gas processing activities at the Ram River Gas Plant. The decrease was offset in part by the sale of renewable diesel from the HDRD Complex which commenced commercial operations in the fourth quarter of 2023, and higher diesel sales at the PGR.

Net throughput volumes at Tidewater's natural gas processing and extraction facilities averaged 218 MMcf/day during the third quarter of 2024, a 40% decrease compared with 362 MMcf/day in the same period of 2023. The decrease was primarily due to the sale of the Pipestone Assets in the fourth quarter of 2023, and lower natural gas pricing leading to the temporary shut-in of gas processing activities at the Ram River Gas Plant and a decrease in producer volumes coming through the BRC.

For the nine months ended September 30, 2024, revenue decreased by $426.8 million to $1,278.5 million, from $1,705.3 million in the same period of 2023 primarily due to the sale of the Pipestone Assets in the fourth quarter of 2023, no production at Acheson, and lower throughput volume at the BRC and Ram River Gas Plant, offset in part by the sale of renewable diesel from three full quarters of commercial operations at the HDRD Complex.

Net throughput volumes at Tidewater's natural gas processing and extraction facilities averaged 257 MMcf/day during the nine months ended September 30, 2024, a 32% decrease compared with 381 MMcf/day in the same period of 2023, primarily due to the sale of the Pipestone Assets in the fourth quarter of 2023, lower throughput at the Ram River Gas Plant as the temporary shut-in of gas processing activities commenced in the third quarter of 2024, additional volumes temporarily routed through the Ram River Gas Plant in the first half of 2023 due to outages at third party facilities in the region, and a decrease in producer volumes coming through the BRC during the third quarter of 2024.

Revenue attributable to the Cenovus Offtake Agreement accounted for the majority of the Corporation's revenue for the nine months ended September 30, 2024. Tidewater continues to engage with prospective purchasers of diesel and gasoline volumes from the PGR and the HDRD Complex to replace the sales volumes now lost with the expiration of the Cenovus Offtake Agreement. While Tidewater has successfully replaced the vast majority of the volume commitment lost as a result of the expiration of the Cenovus Offtake Agreement for 2024, and is in the process of marketing the diesel and gasoline volumes produced at the PGR and the HDRD Complex for 2025, the market rate obtained for such replacement volumes is markedly lower than the rate previously obtained under the Cenovus Offtake Agreement due to wider market discounts, resulting in lower margins, until the government addresses the unbalanced trade environment.

Tidewater also intends to sell additional volumes of diesel and gasoline, either under agreements with new purchasers or on the spot diesel and gasoline markets, to users in the regional and Western Canadian markets. If Tidewater is unable to sell additional volumes under contracted agreements, the Corporation may be forced to sell considerably higher volumes on the spot diesel and gasoline markets which would leave the Corporation vulnerable to fluctuations in such markets.

Operating expenses for the three months ended September 30, 2024, decreased by 39% to $327.7 million, from $535.8 million in the third quarter of 2023. For the nine months ended September 30, 2024, operating expenses were $1,108.6 million, a 30% decrease from $1,576.7 million in the comparative period of 2023. The decrease in both periods was primarily due to the sale of the Pipestone Assets in the fourth quarter of 2023, and no commercial operations at Acheson and the BRC tower during 2024, and the temporary shut-in of gas processing activities at the Ram River Gas Plant during the third quarter, partially offset by higher costs from the commencement of operations at the HDRD Complex in the fourth quarter of 2023.

General and administrative

General and administrative expenses for the three months ended September 30, 2024, were $10.5 million compared to $12.3 million for the three months ended September 30, 2023, primarily due to the accelerated vesting of long-term incentive plan costs in the comparative period related to executive leadership changes made in 2023. For the nine months ended September 30, 2024, general and administrative expenses were $33.0 million compared to $32.1 million in the same period of 2023 as there were lower corporate costs being capitalized to projects during 2024, as compared to the same period in 2023 when the HDRD Complex was under construction, and higher non-recurring costs related to management and restructuring changes, offset substantially by lower employee costs largely attributed to a decrease in headcount.

Share-based compensation

For the three and nine months ended September 30, 2024, share-based compensation costs were $1.8 million and $4.6 million, respectively, compared to $3.8 million and $11.7 million for the three and nine month comparative periods of 2023, respectively. The lower expense in both periods was primarily attributable to a lower number of outstanding share awards resulting from award forfeitures during 2023, and award cancellations due to executive and management changes in the first half of 2024.

Depreciation

Depreciation expense for the three and nine months ended September 30, 2024, was $21.2 million and $65.7 million, respectively, compared to $25.9 million and $70.5 million for the three and nine months ended September 30, 2023, respectively. The change in both periods was largely due to the absence of depreciation on the Pipestone Assets that were sold in the fourth quarter of 2023, and lower depreciation on the BRC, Acheson, and non-core midstream assets on which impairments were recorded in the fourth quarter of 2023, partially offset by the commencement of depreciation on the HDRD assets in the fourth quarter of 2023.

Finance costs and other

Finance costs and other for the three months ended September 30, 2024 were $20.1 million, compared to $26.0 million in the same period of 2023. During the nine months ended September 30, 2024 finance costs and other were $60.0 million compared to $73.3 million in the comparative period of 2023. The decrease in both periods was primarily due to lower debt drawn on Tidewater Midstream's Senior Credit Facility as a result of repayments made from the proceeds received from the sale of the Pipestone Assets. Partially offsetting this decrease were higher average interest rates on all facilities and the absence of capitalized interest in 2024.

Realized loss (gain) on derivative contracts

The realized loss on derivative contracts for the three months ended September 30, 2024 was $13.2 million compared to a gain of $5.3 million in the same period of 2023. Realized losses during the third quarter of 2024 largely related to the settlement of vegetable oil derivative contracts. The realized gain during the comparative period was primarily driven by the settlement of crude oil and vegetable oil derivative contracts. During the nine months ended September 30, 2024, the realized loss on derivative contracts was $34.8 million compared to a gain of $23.2 million in the same period of 2023. The realized losses during the nine months ended September 30, 2024, largely related to the settlement of vegetable oil and crack spread derivative contracts. The realized gain during the nine months ended September 30, 2023, was primarily driven by the settlement of power, interest rate, vegetable oil, and crude oil derivative contracts.

Unrealized (gain) loss on derivative contracts

The unrealized non-cash gain on derivative contracts for the three months ended September 30, 2024 was $18.9 million, compared to an unrealized non-cash loss of $14.8 million for the three months ended September 30, 2023. During the nine months ended September 30, 2024, Tidewater had an unrealized non-cash gain on derivative contracts of $16.0 million, compared to an unrealized non-cash loss of $44.2 million during the same period in 2023. The change in both periods was primarily due to fluctuations in vegetable oil, power, and crack spread derivative contracts. In addition, unrealized gains of $2.6 million and $3.6 million for the three and nine months ended September 30, 2024, respectively, were recognized on the revaluation of the warrant liability to fair value. The revaluation gain was primarily a result of Tidewater Renewable's lower closing share price and shorter period to expiry for the 2022 warrant issuance at September 30, 2024, compared to December 31, 2023.

The fair value of a derivative contract is the estimated value to settle the outstanding contracts at a point in time. The unrealized gains or losses on these financial instruments are recorded in the statement of net income and comprehensive income and may fluctuate quarter-over-quarter with price volatility. Unrealized gains and losses on derivative contracts do not impact net cash provided by operating activities or distributable cash flow. Actual gains or losses realized on the eventual cash settlement can vary due to subsequent fluctuations in commodity prices as compared to the valuation assumptions.

Realized gain on marketable securities

During the first quarter of 2024, a gain of $5.0 million was recognized on the sale of the AltaGas common shares that were received on December 22, 2023, as partial consideration for the sale of the Pipestone Assets to AltaGas on December 22, 2023 (the "Pipestone Transaction").

Impairment expense

During the third quarter of 2024, the Corporation decided to cease further contributions to the NGIF Cleantech Ventures Fund, and other smaller non-core investments, leading to a reassessment of the recoverable amounts. Consequently, the Corporation recognized an impairment charge of $3.9 million to derecognize the investment values to $NIL. Additionally, a $0.7 million impairment charge was also recognized on certain non-core renewable natural gas assets which were reclassified as held for sale during the current quarter.

Gain on sale of assets

During the third quarter of 2024, the Corporation disposed of certain non-core assets for a gain of $0.9 million.

Loss (income) from equity investments

During the three and nine months ended September 30, 2024, the loss from equity investments was $0.7 million and $0.1 million, respectively, compared to income from equity investments of $1.7 million and $7.4 million in the three and nine month comparative periods of 2023, respectively. The decrease in both periods was largely due to the sale of Tidewater Pipestone Infrastructure LP in December of 2023 as part of the Pipestone Transaction.

Deferred income tax recovery

Tidewater had a deferred income tax recovery of $NIL in both the three and nine months ended September 30, 2024, compared to a deferred tax recovery of $7.8 million and $17.8 million for the three and nine months ended September 30, 2023, respectively. The variance was primarily due to the smaller net loss before income tax in both current periods, and the Corporation has an unrecognized deferred income tax asset as taxable income is not forecast in the near term.

Net loss attributable to shareholders

During the three and nine months ended September 30, 2024, Tidewater generated a net loss attributable to shareholders of $7.3 million and $23.3 million, respectively, compared to a net loss attributable to shareholders of $22.9 million and $54.1 million for the three and nine months ended September 30, 2023, respectively. The smaller net loss in both periods was largely due to higher operating income and favorable changes in the fair value of derivative contracts, offset in part by the absence of a deferred income tax recovery.

Capital Expenditures

The following table summarizes growth and maintenance capital expenditures for the three and nine months ended September 30, 2024 and 2023:

	Three months ended September 30,				Nine months ended September 30,			
(in millions of Canadian dollars)		**2024**		2023		**2024**		2023
Growth capital [(1)]	**$**	**0.4**	$	33.6	**$**	**13.9**	$	179.9
Maintenance capital [(1)]		**3.5**		5.7		**19.8**		61.5
Total capital expenditures	**$**	**3.9**	$	39.3	**$**	**33.7**	$	241.4
Capital emission credits awarded [(2)]	**$**	**(9.3)**	$	(3.8)	**$**	**(42.9)**	$	(82.4)

(1) Supplementary financial measures. See the "Non-GAAP Measures" section of this MD&A.
(2) During the three and nine months ended September 30, 2024, $2.4 million and $23.6 million of capital emission credits were monetized.

Growth capital

Consolidated growth capital expenditures for the three months ended September 30, 2024 were $0.4 million, compared to $33.6 million in the comparative period of 2023. During the nine months ended September 30, 2024, growth capital expenditures were $13.9 million, compared to $179.9 million in the same period of 2023. Growth capital expenditures for the three months ended September 30, 2024, were primarily for front-end engineering and design work on Tidewater Renewables' SAF project. For the nine months ended September 30, 2024, growth capital expenditures were primarily related to optimizing the HDRD Complex and advancing front-end engineering and design work on Tidewater Renewables' SAF project. Growth capital expenditures in the three and nine month comparative periods were primarily related to the construction and commissioning of the HDRD Complex.

Expenditures for the HDRD Complex and SAF project have been offset by funds received from the sale of capital emission credits awarded by government entities for achieving milestones under executed incentive agreements and government grants received.

Maintenance capital

Tidewater places a high priority on the maintenance of its assets to provide a safe operating environment for employees and reliable services to its customers. Maintenance capital expenditures for the three months ended September 30, 2024 were $3.5 million, largely related to tank maintenance and work on the steam methane reformer at the PGR, and post-turnaround related work at the BRC. For the nine months ended September 30, 2024, maintenance capital expenditures were $19.8 million, and primarily related to work on the second quarter BRC turnaround, tank maintenance at the PGR, and maintenance work on the sulfur recovery unit at the Ram River Gas Plant. Spending in the comparative periods was mainly due to work on the scheduled second quarter 2023 PGR turnaround.

SUMMARY OF QUARTERLY RESULTS

The following table presents a summary of Tidewater's quarterly results for the last eight quarters:

(In millions of Canadian dollars, except per share information)	**Q3 2024**	Q2 2024	Q1 2024	Q4 2023
Revenue	**$ 377.7**	$ 461.3	$ 439.5	$ 503.0
Net loss attributable to shareholders	**(7.3)**	(4.7)	(11.3)	(331.8)
Net loss per share attributable to shareholders – basic and diluted	**(0.02)**	(0.01)	(0.03)	(0.78)
Consolidated adjusted EBITDA (1)	**$ 29.2**	$ 45.3	$ 39.8	$ 21.4

(1) Non-GAAP financial measure. See the "Non-GAAP Measures" section of this MD&A.

(In millions of Canadian dollars, except per share information)	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue	$ 582.1	$ 508.7	$ 614.5	$ 711.1
Net loss attributable to shareholders	(22.9)	(6.4)	(24.8)	(30.0)
Net loss per share attributable to shareholders – basic and diluted	(0.05)	(0.02)	(0.06)	(0.07)
Consolidated adjusted EBITDA (1)	$ 48.6	$ 44.0	$ 48.9	$ 60.4

(1) Non-GAAP financial measure. See the "Non-GAAP Measures" section of this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity Sources

The Corporation's primary liquidity and capital resource needs are to fund ongoing capital expenditures, future growth opportunities, interest payments, and working capital requirements.

During the third quarter of 2024, the Corporation experienced declining crack spreads, increased North American refining production, imports of renewable diesel into BC by competitors that take advantage of both U.S. and Canadian government incentives, and slowing demand due to adverse economic pressures in Canada. These third quarter conditions had a negative impact on the Corporation's profitability and liquidity. Additionally, the importation of renewable diesel into BC has also decreased the demand and price for BC LCFS emission credits, which negatively impacts the Corporation. These conditions have continued into the fourth quarter of 2024 and the expiration of the Cenovus Offtake Agreement is expected to further lower the margins previously achieved by Tidewater Midstream.

While in the short term Tidewater anticipates that net cash provided by operating activities, cash available from its Senior Credit Facilities, proceeds from the sale of BC LCFS emission credits and other sources of financing will be sufficient to meet its obligations and financial commitments and provide sufficient funding for anticipated capital expenditures, if the above stated conditions continue, Tidewater may experience pressure on its liquidity and compliance with the financial covenants on its Senior Credit Facility during 2025.

The Corporation is currently engaged in discussions with the Government of British Columbia and Federal Government, encouraging them to resolve the discrepancy in the current policy that currently allows U.S. renewable and bio-diesel producers to utilize subsidies in both the U.S. and Canada concurrently. Recent changes to renewable fuels standards that reduce the use of agricultural feedstocks in biodiesel production are expected to decrease the amount of biodiesel being imported into Canada, potentially relieving some of the additional pressure on diesel pricing and BC LCFS emission credit pricing. There is no certainty these discussions will lead to positive regulatory developments.

Additionally, the Corporation continues to engage with prospective purchasers of diesel and gasoline volumes from the PGR to replace the sales volumes now lost with the expiration of the Cenovus Offtake Agreement. As of the date of this MD&A, Tidewater has entered into agreements with purchasers for the sale of the vast majority of the nameplate capacity on diesel and gasoline volumes produced at the PGR and the HDRD Complex for the remainder of 2024 and is in the process of marketing the nameplate capacity on diesel and gasoline volumes produced at the PGR and the HDRD Complex for 2025. Current market discounts are wider than those at the time the Cenovus Offtake Agreement was entered into, largely stemming from the oversupply of imported diesel in Western Canada. These wider discounts are expected to yield lower margins, until the government addresses the unbalanced trade environment. Tidewater is working to optimize its netbacks on its diesel and gasoline. While Tidewater is focused on Western Canadian markets, in the event the Corporation is unable to place all of its product in Western Canada, it could be required to export the balance to potentially lower margin markets.

The operations of the Corporation depend upon its ability to meet its financing and liquidity requirements. Management continues to make efforts to improve the profitability of the existing business by increasing revenue and reducing costs.

On September 30, 2024, Tidewater Renewables had negative working capital of $3.0 million, nominal cash and cash equivalents and cash flow provided by operating activities of $76.1 million for the nine months ended September 30, 2024.

As disclosed in Tidewater Renewables' MD&A for the three and six months ended June 30, 2024, Tidewater Renewables had insufficient cash to fund its operations for the next twelve months if its sales declined and/or the Senior Credit Facility and Tranche B Facility matured without extension or refinancing. The completion of the Transaction during the third quarter of 2024 improved Tidewater Renewables' leverage profile and reduced cash interest costs, but uncertainty still remains regarding the future market prices of emission credits and there can be no assurances that the future market prices for emission credits will recover to historical levels. Tidewater Renewables relies heavily on the revenue and cash flow generated from the sale of emission credits, and if emission credit prices, and the demand for such emission credits do not recover before the second quarter of 2025, Tidewater Renewables ongoing operations, financial position and liquidity will be significantly and adversely impacted. In such circumstances, Tidewater Renewables may assess a range of strategic alternatives, including but not limited to, additional asset divestitures, corporate restructuring, or the pursuit of alternative financing and refinancing solutions. If these measures ultimately prove insufficient or unsuccessful to address Tidewater Renewables' financial pressures, its ability to continue as a going concern may be in jeopardy. The Corporation is acutely aware of the potential risks associated with these alternatives and remains committed to taking all necessary steps to protect the interests of its stakeholders during these difficult market conditions.

Further to the Tidewater Renewables deleveraging strategy, on September 12, 2024, Tidewater Renewables completed the sale of its used cooking oil feedstock assets for total proceeds of $10.6 million. $2.0 million of the proceeds is currently held in escrow to be released to Tidewater Renewables upon the satisfaction of customary post-closing conditions. The net proceeds of this transaction were used to reduce Tidewater Renewables' debt levels and interest costs.

Tidewater Midstream and Tidewater Renewables' ability to obtain additional financing or refinance existing obligations depends on operating performance, and the condition of capital markets. Additionally, circumstances related to inflation and other factors causing disruption in the capital markets could make financing or refinancing more difficult and/or expensive and may limit the ability to obtain such financing or refinancing at all or on acceptable terms to Tidewater Midstream and/or Tidewater

Renewables. Absent the recovery of emission credit prices, Tidewater Renewables will need to secure alternative funding sources and there can be no assurances that such financing will be available to Tidewater Renewables. Any financing that may be available may also be at higher interest rates, on less favourable terms, may require compliance with more onerous covenants, or result in dilution to shareholders.

The Corporation's actual expenditures may vary depending on a variety of factors, including the availability of equipment and personnel, unexpected expenses, delays in the receipt of necessary regulatory approvals, permits and licenses, and the success of the Corporation's business development activities, among other variables.

The following table summarizes Tidewater's credit facilities and debt outstanding as at September 30, 2024:

(in millions of Canadian dollars)	Maturity Date	Rate		Facility Amount		Amount Drawn
Tidewater Midstream Senior Credit Facility	September 12, 2026	variable	$	325.0	**$**	**283.3**
Convertible Debentures	June 30, 2029	fixed		100.0		**100.0**
Tidewater Midstream total			$	425.0	**$**	**383.3**
Tidewater Renewables Senior Credit Facility	February 28, 2026	variable		30.0		**8.3**
Tidewater Renewables Second Lien Credit Facility	October 24, 2027 (1)	variable		175.0		**175.0**
Tidewater Renewables total			$	205.0	**$**	**183.3**
Tidewater Consolidated			$	630.0	**$**	**566.6**

(1) The $150.0 million Tranche A Facility was issued on October 24, 2022, and matures on October 24, 2027. On May 10, 2023, the facility was amended the $25.0 million Tranche B Facility was advanced. The Tranche B Facility matures on February 28, 2026.

Tidewater Midstream and Tidewater Renewables each have a revolving credit facility (each a "Senior Credit Facility" and together, the "Senior Credit Facilities") with a syndicate of banks. The Corporation's Senior Credit Facilities are used to provide financing for working capital, to fund capital expenditures and acquisitions, and for other general corporate purposes.

Tidewater Midstream

At December 31, 2023, the Tidewater Midstream Senior Credit Facility had a capacity of $375.0 million, and was composed of a $100.0 million syndicated facility, a $50.0 million operating facility, and a $225.0 term debt facility.

On January 9, 2024, Tidewater monetized the AltaGas common shares received pursuant to the Pipestone Transaction for cash proceeds of $341.6 million and fully repaid the $225.0 million term facility that was outstanding under the Tidewater Midstream Senior Credit Facility.

On June 4, 2024, Tidewater Midstream issued $100.0 million of convertible unsecured subordinated debentures (the "Convertible Debentures") on a bought-deal basis. The Convertible Debentures bear interest at a fixed rate of 8.0% and mature on June 30, 2029. Proceeds from the issuance were used to repay Tidewater Midstream's $75.0 million convertible debentures and for general corporate purposes. The $75.0 million convertible debentures were satisfied and discharged on June 4, 2024, with full repayment of principal and accrued interest to the note trustee.

On September 12, 2024, concurrent with the close of the Transaction, the Tidewater Midstream Senior Credit Facility was amended and restated (the "Fifth ARCA"). The following facilities are available to Tidewater Midstream under the Fifth ARCA:

(in millions of Canadian dollars)		Facility Amount	Maturity Date		**Amount Drawn September 30, 2024**
Syndicated facility	$	125.0	September 12, 2026	**$**	**125.0**
Operating facility		50.0	September 12, 2026		**23.3**
Term facility		150.0	August 30, 2027		**135.0**
Tidewater Midstream Senior Credit Facility	$	325.0		**$**	**283.3**

The syndicated and operating facilities under the Fifth ARCA are revolving facilities that can be drawn in either Canadian or U.S. funds and bear interest at the agent bank's prime lending rate or adjusted CORRA or SOFR lending rates, plus applicable margins and stamping fees. Pricing and margins are tied to Tidewater Midstream's quarterly deconsolidated debt to adjusted EBITDA ratio, as calculated for covenant reporting. The maturity dates for the syndicated and operating facilities have been extended from February 10, 2026 to September 12, 2026.

The term facility under the Fifth ARCA permitted an initial single draw-down of funds on the September 12, 2024, closing of the Transaction. The term facility is a non-revolving, variable rate, delayed-draw term loan, whereby advances of funds, subsequent to the initial draw-down, are only permitted until September 12, 2025, in single advances of one per month, and for the sole purpose of financing the purchase of BC LCFS credits from Tidewater Renewables under the Transaction. Beginning in 2025, the term facility is subject to mandatory repayments of $5.0 million on a quarterly basis. Amounts repaid on the term facility may not be re-borrowed. The term facility matures on August 30, 2027.

For further details on the Fifth ARCA, readers should refer to the Fifth Amended and Restated Credit Agreement between Tidewater Midstream and National Bank of Canada available on Tidewater Midstream's profile on SEDAR+ at www.sedarplus.ca.

Tidewater Renewables

On September 12, 2024, Tidewater Renewables, upon receiving the proceeds of the Transaction, and immediately prior to the facility being amended, repaid amounts outstanding under the syndicated portion of its Senior Credit Facility.

Thereafter, the Tidewater Renewables Senior Credit Facility was amended and restated. The total aggregate availability under the Tidewater Renewables Senior Credit Facility was reduced from $175.0 million to $30.0 million, and the maturity date was extended from September 18, 2024 to February 28, 2026.

The Tidewater Renewables Senior Credit Facility can be drawn in Canadian funds and bears interest at the agent bank's prime lending rate or adjusted CORRA lending rates, plus applicable margins and stamping fees. Compliance by Tidewater Renewables with the quarterly financial covenants applicable to the Senior Credit Facility have been waived until September 30, 2025.

Also concurrent with the close of the Transaction, on September 12, 2024, the Tidewater Renewables Second Lien Credit Facility was amended and restated. Included in the amendments was the extension of the maturity date for the Tranche B Facility from September 18, 2024 to February 28, 2026, and the addition of the $33 million Tranche C Facility for the purpose of refinancing the Tidewater Renewables Senior Credit Facility in certain circumstances. The Tranche C Facility can only be drawn down by way of a single advance in the event that a first lien demand notice is presented to Tidewater Renewables by the lenders under the Tidewater Renewables Senior Credit Facility, and matures on February 28, 2024. The maturity date of the Tranche A Facility remains unchanged at October 24, 2027.

The Tranche A Facility bears minimum interest of 6.5% for periods up to and including October 25, 2025, minimum interest of 6.875% for periods between October 26, 2025 and October 24, 2026, and minimum interest of 7.25% from October 25, 2026 up to but excluding the maturity date of October 24, 2027. The rates are subject to an annual CPI Index adjustment factor with a maximum cumulative increase of 4% per annum.

The Tranche B Facility continues to bear interest at 9.5% and is subject to variable quarterly repayments. The variable repayments are based on a portion of Tidewater Renewables' adjusted cash flows. The calculation of these adjusted cash flows is based on specific definitions in the agreements governing the Tidewater Renewables Second Lien Credit Facility, are not in accordance with GAAP, and cannot be directly calculated by referring to Tidewater Renewables' financial statements.

The Tranche C Facility, if drawn, bears interest at an adjusted CORRA rate, plus 8% payable quarterly in arrears.

On September 13, 2024, certain fees payable to the Term Lender as part of the Tidewater Renewable Second Lien Credit Facility amendments were settled with the issuance of 1,449,239 common shares of Tidewater Renewables at the 10- day volume weighted average trading price of the Tidewater Renewables common shares on the TSX.

In conjunction with the extension of the Second Lien Credit Facility, Tidewater Renewables issued the 2024 Warrants to an affiliate of the Term Lender. Each warrant entitles the holder to purchase one common share of Tidewater Renewables at a price of $3.99, subject to certain adjustments, with an expiry date of September 12, 2029.

Tidewater Renewables has entered into certain agreements with government entities under which it is awarded capital emission credits for achieving construction and commissioning milestones on its projects. Tidewater Renewables has executed forward sale agreements with third parties for a portion of the remaining credits to be issued.

The Corporation does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Corporation's financial performance. Credit facilities held by Tidewater's equity accounted investees are non-recourse to both Tidewater Midstream and Tidewater Renewables.

On occasion, the Corporation issues letters of credit in connection with transactions in which the counterparty requires such security. At September 30, 2024, the Corporation had $38.7 million in letters of credit issued to facilitate commercial transactions with third parties and to support regulatory requirements. The letters of credit are issued under separate facilities from the Senior Credit Facilities.

Financial Covenants

The following table is a list of Tidewater Midstream's deconsolidated financial covenants as at September 30, 2024:

	Ratio	September 30, 2024
Deconsolidated debt to adjusted EBITDA	Maximum 4.50:1	2.62
Deconsolidated first lien senior debt to adjusted EBITDA	Maximum 3.50:1	2.62
Adjusted EBITDA to interest coverage	Minimum 2.50:1	6.37

Tidewater Midstream is required to maintain certain deconsolidated financial covenants on a trailing-quarterly basis. The calculations for each of these ratios are based on specific definitions in the agreements governing the Tidewater Midstream Senior Credit Facility, are not in accordance with GAAP, and cannot be directly calculated by referring to the Corporation's consolidated financial statements. For purposes of the covenant calculation, Tidewater Midstream's convertible debentures are excluded from the calculations. At September 30, 2024, Tidewater Midstream was in compliance with its financial covenants.

Tidewater Renewables quarterly financial covenants as applicable to both the Tidewater Renewables Senior Credit Facility and Tidewater Renewables Second Lien Credit Facility have been waived until September 30, 2025, at which time Tidewater Renewables will be required to maintain certain financial covenants on an annualized basis.

Credit Rating

On March 21, 2024, upon Tidewater's request, Standard & Poor's ("S&P") withdrew Tidewater's credit rating. Prior to the withdrawal, S&P issued Tidewater a final credit rating of "B-" with a stable outlook and removed Tidewater from CreditWatch, where it had been placed on October 17, 2023, with an outlook of "developing" pending the close of the Pipestone Transaction.

Cash Flow Summary

The following table summarizes the Corporation's sources and uses of funds for the three and nine months ended September 30, 2024 and 2023:

(in millions of Canadian dollars)	**Three months ended September 30,**		**Nine months ended September 30,**	
Cash flows provided by (used in)	**2024**	2023	**2024**	2023
Operating activities	**$ (48.9)**	$ 61.4	**$ (50.4)**	$ 142.7
Financing activities	**$ 40.0**	$ 9.4	**$ (242.7)**	$ 85.7
Investing activities	**$ 7.1**	$ (90.3)	**$ 293.1**	$ (241.8)

Net cash (used in) provided by operating activities

Net cash used in operating activities was $48.9 million for the three months ended September 30, 2024, compared to cash provided by operating activities of $61.4 million for the three months ended September 30, 2023. The decrease was primarily due to changes in working capital and unfavorable changes in realized derivative contracts, offset in part by higher operating income in the current quarter.

For the nine months ended September 30, 2024, net cash used in operating activities was $50.4 million, compared to cash provided by operating activities of $142.7 million for the nine months ended September

30, 2023. The decrease is largely due to changes in working capital, which includes the use of a portion of the cash proceeds from the January 9, 2024 sale of the AltaGas common shares to pay down working capital during the first quarter of 2024, and losses on realized derivative contracts in the current nine month period, offset in part by higher operating income.

Cash provided by operating activities will fluctuate quarter-over-quarter because of inventory purchases at the PGR, the commodity prices at which inventory is bought and sold, and seasonal demand. Commodity prices and PGR inventory fluctuate period over period and, accordingly, working capital requirements also fluctuate with changes in commodity prices and demand.

Net cash provided by (used in) financing activities

Net cash provided by financing activities was $40.0 million for the three months ended September 30, 2024, compared to net cash provided by financing activities of $9.4 million for the three months ended September 30, 2023. The net cash provided by financing activities for the current period was largely due to the advances on the Tidewater Midstream Senior Credit Facility to finance emission credit purchases under the Transaction and changes in working capital. The net cash provided by financing activities in the comparative period was largely due to advances of debt to fund capital expenditures.

Net cash used in financing activities was $242.7 million for the nine months ended September 30, 2024, compared to net cash provided by financing activities of $85.7 million for the nine months ended September 30, 2023. The cash used in financing activities for the current nine month period was largely due to repayments on the Corporation’s debt facilities using the proceeds received from the January 9, 2024 sale of the AltaGas common shares, and the positive cash flow generated by the HDRD Complex in the first half of 2024, and the repayment of the $75.0 million convertible debentures. The cash used was offset in part by proceeds from the June 4, 2024 issuance of Convertible Debentures. The net cash provided by financing activities in the comparative period was largely due to advances on debt to fund capital expenditures.

Net cash provided by (used in) investing activities

Net cash provided by investing activities was $7.1 million for the three months ended September 30, 2024, compared to net cash used in investing activities of $90.3 million for the three months ended September 30, 2023, primarily due to lower expenditures on capital projects in the current quarter, proceeds from assets sales, and changes in non-cash working capital.

Net cash provided by investing activities was $293.1 million for the nine months ended September 30, 2024, compared to net cash used in investing activities of $241.8 million for the nine months ended September 30, 2023, primarily due to proceeds received from sale of the AltaGas common shares, and lower capital expenditures in the current period.

Net cash used in both comparative periods was primarily due to expenditures on the 2023 PGR turnaround and on the construction of the HDRD Complex.

CONTRACTUAL LIABILITIES AND COMMITMENTS

The Corporation had the following contractual obligations and commitments, including those recognized as leases, as at September 30, 2024:

(in millions of Canadian dollars)	Less than one year	One to five years	More than five years	Total
Accounts payable, accrued liabilities and provisions (1)	$ 219.4	$ -	$ -	$ 219.4
Derivative contracts	35.3	10.7	-	46.0
Warrant liability	-	0.5	-	0.5
Lease liabilities and other (2)	18.3	15.5	0.3	34.1
Bank debt (3)	10.0	281.6	-	291.6
Second lien debt (3)	-	175.0	-	175.0
Convertible Debentures interest (4)	10.6	30.0	-	40.6
Convertible Debentures repayment (3)	-	100.0	-	100.0
Firm transportation contracts (5)	24.1	89.5	31.7	145.3
Purchase obligations	4.1	-	-	4.1
Total	**$ 321.8**	**$ 702.8**	**$ 32.0**	**$ 1,056.6**

(1) Includes $16.2 million related to a grant received under the Government of Alberta's Industrial Energy Efficiency and Carbon Capture Utilization and Storage Program. Any portion of the grant that has not been used to fund eligible capital expenditures by June 2025 may be required to be refunded to the Government of Alberta.

(2) Amounts represent the expected undiscounted cash payments related to lease liabilities and other.

(3) Amounts represent undiscounted principal only and exclude accrued interest.

(4) Fixed interest payments on Convertible Debentures. The Convertible Debentures mature on June 30, 2029.

(5) Fixed transportation contracts are presented gross of flow-through operating cost recoveries from customers.

OUTSTANDING EQUITY

As at November 12, 2024, Tidewater Midstream had the following outstanding common shares, restricted share units ("RSUs"), deferred share units ("DSUs") and options:

(In millions)	
Common shares	430.4
RSUs	6.8
DSUs	0.6
Options	10.6

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are in the normal course of business and are recorded at market rates.

On September 12, 2024, Tidewater Renewables and Tidewater Midstream announced the closing of the Transaction. For further information regarding the Transaction please see the **OUTLOOK AND CORPORATE UPDATE** section of this MD&A. For the three and nine months ended September 30, 2024, Tidewater had no other transactions with related parties, except those pertaining to contributions to Tidewater's long-term incentive plans and remuneration of key management personnel in the ordinary course of their employment.

FINANCIAL INSTRUMENTS

Tidewater's financial instruments consist of cash and cash equivalents, accounts receivable, derivative contracts, investments, accounts payable and accrued liabilities, bank debt, second lien debt, and convertible debenture liability. Tidewater employs risk management strategies and policies to ensure that any exposure to market risks are in compliance with the Corporation's business objectives and risk tolerance levels.

The majority of Tidewater's accounts receivable are due from entities in the oil and gas industry and are subject to normal industry credit risks. Tidewater evaluates and monitors the financial strength of its customers in accordance with its credit policy. Financial assurances received to mitigate and reduce risk may include letters of credit and prepayments.

With respect to counterparties for financial instruments used for hedging purposes, the Corporation limits its credit risk through dealing with recognized futures exchanges or investment-grade financial institutions and by maintaining credit policies which minimize overall counterparty credit risk.

The Corporation enters into certain financial derivative contracts to manage commodity price, power, interest and foreign exchange risk. These instruments are not used for speculative purposes. The Corporation has not designated its financial derivative contracts as effective accounting hedges.

Derivative contracts are recorded on the consolidated statement of financial position at fair value, with changes in the fair value being recognized as an unrealized gain or loss on the consolidated statement of net income.

RISK FACTORS

The Corporation continually works to mitigate the impact of risks to its business by identifying all significant risks so that they can be appropriately managed. The risks that may affect the business and operations of Tidewater are described within the Corporation's Annual Information Form ("AIF"), an electronic copy of which is available on Tidewater's SEDAR+ profile at www.sedarplus.ca. The Corporation's financial risks are discussed in the Financial Statements.

Additionally, the Corporation faces certain risks as the majority shareholder of Tidewater Renewables including, without limitation, liquidity risk, commodity price risk (including in respect of the markets for BC LCFS emission credits, CFR emission credits and other carbon credits, rebates, tax credits, grants and other incentives), equity risk, credit risk and risks related to changes in environmental regulations, economic, political or market conditions and the regulatory environment. Although the Corporation is able to exert some influence on Tidewater Renewables through its voting rights and a shared services agreement whereby the Corporation provides certain management and administrative services to Tidewater Renewables, the ability to mitigate these risks is not fully within the Corporation's control. Tidewater Renewables relies heavily on the revenue generated from the sale of BC LCFS emission credits and if BC LCFS emission credit prices do not recover before the second quarter of 2025 alternative funding sources will be necessary Any equity financing required by Tidewater Renewables may result in dilution to the Corporations' 66% ownership interest in Tidewater Renewables.

While as of the date of this MD&A the Corporation anticipates that net cash and other sources of financing will be sufficient to meet its obligations and financial commitments and provide sufficient funding for anticipated capital expenditures, should the conditions faced by Tidewater Renewables, in addition to those faced by Tidewater Midstream in its core business not improve, the Corporation may experience negative pressure on its liquidity and financial covenants in its Senior Credit Facility during 2025. Alternative funding sources may become necessary and there can be no assurances that such financing will be available to the Corporation. Any financing may also be at higher interest rates, less favourable terms, may require compliance with more onerous covenants, or result in dilution to shareholders.

ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Tidewater's material accounting policies are disclosed in note 3 of the audited consolidated financial statements for the year ended December 31, 2023. There were no new accounting standards or interpretations issued or adopted by Tidewater during the three and nine months ended September 30, 2024.

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changing circumstances may result in actual results or changes to estimates that differ materially from current estimates. The Corporation's use of estimates and judgments is discussed in note 2 of the audited consolidated financial statements for the year ended December 31, 2023.

CONTROL ENVIRONMENT

The Corporation's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. These controls and procedures are designed to provide reasonable assurance that material information relating to Tidewater's business is made known to them, is reported on a timely basis, that financial reporting is reliable, and the preparation of financial statements for external purposes is in accordance with IFRS.

There were no changes in the nine months ended September 30, 2024, that had, or are likely to have, a material impact on the Corporation's DC&P or ICFR.

NON-GAAP MEASURES

Throughout this MD&A and in other materials disclosed by the Corporation, Tidewater uses a number of financial measures when assessing its results and measuring overall performance. The intent of non-GAAP measures and ratios is to provide additional useful information to investors and analysts. Certain of these financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other entities.

As such, these measures should not be considered in isolation or used as a substitute for measures of performance prepared in accordance with GAAP. Except as otherwise indicated, these financial measures will be calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods.

The following are the Corporation's non-GAAP financial measures, non-GAAP ratios, capital management measures, and supplementary financial measures.

Non-GAAP Financial Measures

The non-GAAP financial measures used by the Corporation are adjusted EBITDA and distributable cash flow.

Consolidated and deconsolidated adjusted EBITDA

Consolidated adjusted EBITDA is calculated as net (loss) income before finance costs, taxes, depreciation, share-based compensation, unrealized gains and losses on derivative contracts, transaction costs, gains and losses on the sale of assets, and other items considered non-recurring in nature, plus the Corporation's proportionate share of EBITDA in its equity investments. Deconsolidated adjusted EBITDA is calculated as consolidated adjusted EBITDA less the portion of consolidated adjusted EBITDA attributable to Tidewater Renewables.

In accordance with IFRS, Tidewater's jointly controlled investments are accounted for using equity accounting. Under equity accounting, net earnings from investments in equity accounted investees are recognized in a single line item in the consolidated statement of net (loss) income and comprehensive (loss) income. The adjustments made to net (loss) income, as described above, are also made to share of profit from investments in equity accounted investees.

Consolidated adjusted EBITDA is used by management to set objectives, make operating and capital investment decisions, monitor debt covenants and assess performance. In addition to its use by management, Tidewater also believes consolidated adjusted EBITDA is a measure widely used by securities analysts, investors, lending institutions, and others to evaluate the financial performance of the Corporation and other companies in the midstream industry. From time to time, the Corporation issues guidance on this key measure. As a result, consolidated adjusted EBITDA is presented as a relevant measure in the MD&A to assist analysts and readers in assessing the performance of the Corporation as seen from management's perspective. In addition to reviewing consolidated adjusted EBITDA, management reviews deconsolidated adjusted EBITDA to highlight the Corporation's performance, excluding the portion of consolidated adjusted EBITDA attributable to Tidewater Renewables. Investors should be cautioned that consolidated adjusted EBITDA and deconsolidated adjusted EBITDA should not be construed as alternatives to net (loss) income, net cash provided by operating activities or other measures of financial results determined in accordance with GAAP as an indicator of the Corporation's performance and may not be comparable to companies with similar calculations.

The following table reconciles net loss, the nearest GAAP measure, to adjusted EBITDA:

(in millions of Canadian dollars)	**Three months ended September 30, 2024**	2023	**Nine months ended September 30, 2024**	2023
Net loss	**$ (5.3)**	$ (24.9)	**$ (15.3)**	$ (60.6)
Deferred income tax recovery	**-**	(7.8)	**-**	(17.8)
Depreciation	**21.2**	25.9	**65.7**	70.5
Finance costs and other	**20.1**	26.0	**60.0**	73.3
Share-based compensation	**1.8**	3.8	**4.6**	11.7
Impairment expense	**4.6**	-	**4.6**	-
(Gain) loss on sale of assets	**(0.9)**	0.4	**(0.9)**	1.3
Unrealized (gain) loss on derivative contracts	**(18.9)**	14.8	**(16.0)**	44.2
Realized gain on marketable securities	**-**	-	**(5.0)**	-
Transaction costs	**3.0**	2.8	**4.3**	4.5
Non-recurring transactions	**2.3**	3.6	**11.6**	9.6
Adjustment to share of profit from equity accounted investments	**1.3**	4.0	**0.7**	4.8
Consolidated adjusted EBITDA	**$ 29.2**	$ 48.6	**$ 114.3**	$ 141.5
Less: Consolidated adjusted EBITDA attributable to Tidewater Renewables	**(13.7)**	(14.5)	**(68.5)**	(35.2)
Deconsolidated adjusted EBITDA	**$ 15.5**	$ 34.1	**$ 45.8**	$ 106.3

Distributable cash flow and deconsolidated distributable cash flow attributable to shareholders

Distributable cash flow is calculated as net cash provided by (used in) operating activities before changes in non-cash working capital, plus cash distributions from investments, transaction costs, non-recurring transactions, and less other expenditures that use cash from operations. Also deducted is the distributable cash flow of Tidewater Renewables that is attributed to non-controlling interest shareholders. Management believes distributable cash flow is a useful metric for investors when assessing the amount of cash flow generated from normal operations.

Changes in non-cash working capital are excluded from the determination of distributable cash flow because they are primarily the result of seasonal fluctuations or other temporary changes and are generally funded with short-term debt or cash flows from operating activities. Transaction costs are added back as they can vary significantly based on the Corporation's acquisition and disposition activity. Non-recurring transactions that do not reflect Tidewater's ongoing operations are also excluded. Lease payments, interest and financing charges, and maintenance capital expenditures, including turnarounds, are deducted as they are ongoing recurring expenditures which are funded from operating cash flows.

Deconsolidated distributable cash flow is calculated by subtracting the portion of Tidewater Renewables' distributable cash flow that is attributed to shareholders of Tidewater from distributable cash flow attributable to shareholders.

The following table reconciles net cash provided by (used in) operating activities, the nearest GAAP measure, to distributable cash flow and deconsolidated distributable cash flow:

(in millions of Canadian dollars)	Three months ended September 30, 2024		Three months ended September 30, 2023		Nine months ended September 30, 2024		Nine months ended September 30, 2023	
Net cash (used in) provided by operating activities	**$**	**(48.9)**	$	61.4	**$**	**(50.4)**	$	142.7
Add (deduct):								
Changes in non-cash operating working capital		**70.2**		(30.0)		**142.5**		(38.0)
Transaction costs		**3.0**		2.8		**4.3**		4.5
Non-recurring transactions		**2.3**		3.6		**11.6**		9.6
Interest and financing charges		**(13.2)**		(17.7)		**(38.9)**		(50.1)
Payment of lease liabilities and other, net of sublease payments		**(8.6)**		(11.4)		**(27.8)**		(35.3)
Maintenance capital		**(3.5)**		(5.7)		**(19.8)**		(61.5)
Tidewater Renewables' distributable cash flow to non-controlling interest shareholders		**(2.5)**		(1.0)		**(12.9)**		(0.2)
Distributable cash flow attributable to shareholders	**$**	**(1.2)**	$	2.0	**$**	**8.6**	$	(28.3)
Tidewater Renewables' distributable cash flow attributed to shareholders of Tidewater	**$**	**(2.0)**	$	(2.2)	**$**	**(24.7)**	$	(0.4)
Deconsolidated distributable cash flow attributable to shareholders	**$**	**(3.2)**	$	(0.2)	**$**	**(16.1)**	$	(28.7)

Growth capital expenditures are generally funded from retained operating cash flow and additional debt or equity, as required.

Non-GAAP Financial Ratios

Tidewater uses non-GAAP financial ratios to present aspects of its financial performance or financial position, primarily distributable cash flow per share.

Distributable cash flow and deconsolidated distributable cash flow per share

Distributable cash flow per share is calculated as distributable cash flow attributable to shareholders divided by the basic or diluted weighted average number of common shares outstanding for the period. Deconsolidated distributable cash flow per share is calculated as deconsolidated distributable cash flow attributable to shareholders divided by the basic or diluted weighted average number of common shares outstanding for the period. Management believes that these measures provide investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

(in millions of Canadian dollars except share and per share information)	Three months ended September 30, 2024		Three months ended September 30, 2023		Nine months ended September 30, 2024		Nine months ended September 30, 2023	
Distributable cash flow attributable to shareholders	**$**	**(1.2)**	$	2.0	**$**	**8.6**	$	(28.3)
Deconsolidated distributable cash flow attributable to shareholders	**$**	**(3.2)**	$	(0.2)	**$**	**(16.1)**	$	(28.7)
Weighted average common shares outstanding – basic (millions)		**430.1**		425.2		**429.1**		424.8
Weighted average common shares outstanding – diluted (millions)		**430.1**		425.2		**429.1**		424.8
Distributable cash flow per share – basic and diluted	**$**	**-**	$	-	**$**	**0.02**	$	(0.07)
Deconsolidated distributable cash flow per share – basic and diluted	**$**	**(0.01)**	$	-	**$**	**(0.04)**	$	(0.07)

Capital Management Measures

Tidewater's methods for managing capital and liquidity are discussed in the **LIQUIDITY AND CAPITAL RESOURCES** section of this MD&A and within note 24 of the Financial Statements for the year ended December 31, 2023.

Consolidated and deconsolidated net debt

Consolidated net debt is defined as bank debt, second lien debt, and convertible debentures, less cash. Consolidated net debt is used by the Corporation to monitor its capital structure and financing requirements. It is also used as a measure of the Corporation's overall financial strength.

In addition to reviewing consolidated net debt, management reviews deconsolidated net debt to highlight Tidewater Midstream's financial flexibility, balance sheet strength and leverage. Deconsolidated net debt is calculated as consolidated net debt less the portion attributable to Tidewater Renewables.

Consolidated and deconsolidated net debt exclude working capital, lease liabilities and derivative contracts as the Corporation monitors its capital structure based on deconsolidated net debt to deconsolidated adjusted EBITDA, consistent with its credit facility covenants as described in the **LIQUIDITY AND CAPITAL RESOURCES** section.

The following table reconciles consolidated and deconsolidated net debt:

(in millions of Canadian dollars)		**September 30, 2024**		September 30, 2023
Tidewater Midstream Senior Credit Facility	**$**	**283.3**	$	547.2
Tidewater Renewables Senior Credit Facility		**8.3**		159.4
Tidewater Renewables Second Lien Credit Facility		**175.0**		175.0
2024 Convertible debentures - principal		**100.0**		-
2019 Convertible debentures - principal		**-**		75.0
Cash		**(0.1)**		(3.6)
Consolidated net debt	**$**	**566.5**	$	953.0
Less: Tidewater Renewables Senior Credit Facility		**(8.3)**		(159.4)
Less: Tidewater Renewables Second Lien Credit Facility		**(175.0)**		(175.0)
Add: Tidewater Renewables cash		**-**		0.3
Deconsolidated net debt	**$**	**383.2**	$	618.9

Supplementary Financial Measures

"Growth capital" expenditures are generally defined as expenditures which are recoverable or incrementally increase cash flow or earnings potential of assets, expand the capacity of current operations or significantly extend the life of existing assets. This measure is used by the investment community to assess the extent of discretionary capital spending.

"Maintenance capital" expenditures are generally defined as expenditures which support and/or maintain the current capacity, cash flow or earnings potential of existing assets without the associated benefits characteristic of growth capital expenditures. These expenditures include major inspections and overhaul costs that are required on a periodic basis. This measure is used by the investment community to assess the extent of non-discretionary capital spending. Maintenance capital is included in the calculation of distributable cash flow.

Deconsolidated "net (loss) income attributable to shareholders" is comprised of net income or loss attributable to shareholders, as determined in accordance with IFRS, less the net income or loss of Tidewater Renewables attributed to the shareholders of Tidewater.

Deconsolidated "net (loss) income attributable to shareholders – per share" is calculated by dividing deconsolidated "net income or loss attributable to shareholders" by the basic weighted average number of Tidewater Midstream common shares outstanding for the period.

Deconsolidated "Total capital expenditures" is comprised of consolidated capital expenditures, as disclosed in Tidewater's statement of cash flows, less the capital expenditures of Tidewater Renewables.

OPERATIONAL DEFINITIONS

"bbl/d" means barrels per day; "MMcf/d" means million cubic feet per day.

"BC LCFS emission credits" means the credits awarded to BC Part 3 Fuel Suppliers by either (i) supplying a fuel with a carbon intensity ("CI") below the prescribed CI limit, or (ii) taking actions that would have a reasonable possibility of reducing greenhouse gas emissions through the use of Part 3 fuels sooner than would occur without the agreed-upon action, which credits may be transferred upon validation.

"BC Part 3 Fuel Suppliers" means a "part 3 fuel supplier" under, collectively British Columbia's Greenhouse Gas Reduction (Renewable & Low Carbon Fuel Requirements Act) and Renewable & Low Carbon Fuel Requirements Regulation.

"CFR emission credits" means credits generated under the Canadian Clean Fuel Regulation.

"Crack spread" refers to the general price differential between crude oil and the petroleum products refined from it.

"Refinery yield" (expressed as a percentage) represents the percentage of finished product produced from inputs of crude oil and renewable feedstock as well as intermediates. Refinery yields are an important measure of refinery performance indicating the outputs that running a particular feedstock and intermediates through a refinery configuration will produce.

"Throughput" with respect to a natural gas plant, means inlet volumes processed (including any off-load or reprocessed volumes); with respect to a pipeline, the estimated natural gas or liquid volume transported therein; and with respect to NGL processing facilities, means the volume of inlet NGLs processed.

"U.S." meaning the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively referred to herein as, "forward-looking statements") within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to future events, conditions or future financial performance of Tidewater based on future economic conditions and courses of action. All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of any words such as "seek", "anticipate", "budget", "plan", "continue", "forecast", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "will likely result", "are expected to", "will continue", "is anticipated", "believes", "estimated", "intends", "plans", "projection", "outlook" and similar expressions. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon.

In particular, this MD&A contains forward-looking statements pertaining to but not limited to the following:

- expectations regarding future opportunities for natural gas processing;
- the challenges faced by the Corporation due to negative BC LCFS emission credit and short term AECO natural gas pricing pressure, and producers shutting in production;
- expectations regarding general and administrative cost cutting initiatives;
- Tidewater's consolidated adjusted EBITDA guidance for 2024;
- Tidewater's consolidated maintenance capital guidance for 2024;
- Tidewater Renewables' investment in RNG LP, including ongoing engineering design and regulatory application work and the proposed divestiture of the investment;
- Tidewater Renewables' efforts to optimize its asset portfolio, enhance liquidity and concentrate on its core portfolio;
- the purchase of BC LCFS emission credits by Tidewater Midstream from Tidewater Renewables pursuant to the Transaction;
- marketing efforts regarding the Corporation's products;
- Tidewater's view of the BC LCFS emission credit market, including the effect of tightening compliance obligations and cold weather diesel specifications on the market;
- the liquidity of Tidewater Renewables;
- discussions with the Government of British Columbia and Federal Government regarding the BC LCFS credit market;
- the pursuit of an anti-dumping complaint regarding renewable diesel imports, including the results thereof if successful;
- Tidewater's business strategy and operational initiatives;
- the PGR turnaround cycle and the next scheduled outage;
- revenue expectations for gasoline and diesel volumes sold at the PGR under new offtake agreements as compared to the Cenovus Offtake Agreement;
- the effect of selling additional gasoline and diesel volumes on the spot gasoline and diesel markets;
- the amount of feedstock volume hedged at the HDRD Complex;
- the fluctuation of cash provided by operating activities due to changes in inventory, commodity prices and seasonal demand;
- the fluctuation of working capital requirements due to fluctuations in commodity prices and demand;
- supply and demand for products and services;
- expected throughput and utilization, including causes of variances thereof;
- natural gas pricing expectations;
- expectations regarding producer activity;
- the resumption of operations at the Ram River Gas Plant;
- the effect of various savings and optimization initiatives;

- the ongoing development of the SAF project and the expected timing of a final investment decision thereof;
- budgets, including future capital, operating or other expenditures and projected costs;
- the effect of commodity prices and the expiration of the Cenovus Offtake Agreement on Tidewater's refining margins;
- Tidewater's primary liquidity and capital resource needs;
- expectations regarding crack spreads, North American refining production, and imports or renewable diesel into BC;
- expectations regarding the sufficiency of net cash provided by operating activities, cash available from Senior Credit Facilities, proceeds from the sale of BC LCFS emission credits and other sources of financing to meet the Corporation's obligations and financial commitments and fund expected capital expenditures;
- the Corporation's efforts to improve profitability;
- the impact on Tidewater Renewables' operations and liquidity if BC LCFS and CFR emission credit prices do not recover, including potential actions to be taken by Tidewater Renewables if such prices do not recover;
- the ability of Tidewater Midstream and/or Tidewater Renewables to obtain financing on acceptable terms, if at all;
- the terms of any future financing;
- the causes of variances to the Corporation's actual expenditures;
- fluctuations in the cash provided by operating activities;
- the financing requirements for Tidewater Renewables;
- the effect of an equity financing by Tidewater Renewables on the Corporation's ownership interest in Tidewater Renewables;
- expectations regarding the Corporations ability to maintain sufficient liquidity sources to fund its ongoing operations, obligations and financial commitments, anticipated capital expenditures, debt service requirements, and working capital needs;
- the Corporation's use of risk management strategies and policies, including the evaluation of counterparty credit risk;
- the Corporation's use of financial derivative contracts to manage commodity price, power, interest and foreign exchange risk;
- the Corporation's use of letters of credit;
- Tidewater's prioritization of the maintenance of its assets; and
- the ability of the Corporation to limit its credit risk through dealing with recognized futures exchanges or investment-grade financial institutions and by maintaining credit policies which minimize overall counterparty credit risk.

Although the forward-looking statements contained in this MD&A are based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this MD&A, the Corporation has assumptions regarding, but not limited to:

- Tidewater's ability to execute on its business plan;
- the effect of Tidewater Renewables' business operations on Tidewater Midstream;
- the timely receipt of all governmental and regulatory approvals sought by the Corporation;
- the ability of the Corporation and Tidewater Renewables to refinance existing credit facilities when due and/or obtain additional financing on satisfactory terms;

- the market for BC LCFS emission credits, including that such market will improve and the timing thereof;
- general economic and industry trends;
- future commodity prices, including natural gas, crude oil, NGL and renewable energy prices;
- impacts of commodity prices and demand on the Corporation's working capital requirements;
- continuing government support for existing policy initiatives;
- processing and marketing margins;
- impacts of seasonality and climate disruptions;
- future capital expenditures to be made by the Corporation;
- foreign currency, exchange and interest rates, and expectations relating to inflation;
- that there are no unforeseen events preventing the performance of contracts;
- the availability of equipment and personnel required for Tidewater to execute its business plan;
- the amount of future liabilities relating to lawsuits and environmental incidents and the availability of coverage under the Corporation's insurance policies;
- volume demands from the PGR are consistent with forecasts;
- successful negotiation and execution of agreements with counterparties;
- oil and gas industry exploration and development activity and the geographic region of such activity;
- the Corporation's ability to obtain and retain qualified staff and equipment in a timely and cost-effective manner;
- the amount of operating costs to be incurred;
- that there are no unforeseen costs relating to the facilities, not recoverable from customers;
- that distributable cash flow and net cash provided by operating activities are consistent with expectations;
- the availability of capital to fund operations and future capital requirements relating to existing assets and projects;
- the ability of Tidewater to successfully market its products;
- the successful integration of acquisitions and projects into the Corporation's existing business; and
- the Corporation's future debt levels and the ability of the Corporation to repay its debt when due.

The Corporation's actual results could differ materially from those anticipated in the forward-looking statements, as a result of numerous known and unknown risks and uncertainties and other factors including but not limited to:

- changes in demand for refined and renewable products;
- general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates, stock market volatility, BC LCFS credit market volatility, supply/demand trends, armed hostilities, acts of war, terrorism, cyberattacks, diplomatic developments and inflationary pressures;
- the potential insufficiency of liquidity sources for the Tidewater Renewables and the Corporation;
- Tidewater Renewables ability to continue as a going concern;
- activities of producers and customers and overall industry activity levels;
- failure to negotiate and conclude any required commercial agreements;
- the potential inability to refinance its existing debts;
- non-performance of agreements in accordance with their terms;
- failure to execute formal agreements with counterparties in circumstances where letters of intent or similar agreements have been executed and announced by Tidewater;

- the conflict in Ukraine and the Middle East and the corresponding impact on supply chains and the global economy;
- risks of health epidemics, pandemics, public health emergencies, quarantines, and similar outbreaks, including COVID-19, which may have sustained material adverse effects on the Corporation's business financial position results of operations and/or cash flows;
- changes in environmental and other laws and regulations or the interpretations of such laws or regulations;
- cost of compliance with applicable regulatory regimes, including, but not limited to, environmental laws and regulations, including greenhouse gas emissions;
- Indigenous and landowner consultation requirements;
- climate change initiatives or policies or increased environmental regulation;
- receipt of third party, regulatory, environmental and governmental approvals and consents relating to Tidewater's capital projects can be obtained on the necessary terms and in a timely manner;
- that the resolution of any particular legal proceedings could have an adverse effect on the Corporation's operating results or financial performance;
- competition for, among other things, business capital, acquisition opportunities, requests for proposals, materials, equipment, labour, and skilled personnel;
- the ability to secure land and water, including obtaining and maintaining land access rights;
- operational matters, including potential hazards inherent in the Corporation's operations and the effectiveness of health, safety, environmental and integrity programs;
- actions by governmental authorities, including changes in regulation, tariffs and taxation;
- changes in operating and capital costs, including fluctuations in input costs;
- legal risks and environmental risks and hazards, including risks inherent in the transportation of NGLs and refining of light crude oils which may create liabilities to the Corporation in excess of the Corporation's insurance coverage, if any;
- actions by joint venture partners or other partners which hold interests in certain of the Corporation's assets;
- reliance on key relationships and agreements;
- losses of key customers;
- construction and engineering variables associated with capital projects, including the availability of contractors, engineering and construction services, accuracy of estimates and schedules, and the performance of contractors;
- the availability of capital on acceptable terms;
- changes in the credit-worthiness of counterparties;
- adverse claims made in respect of the Corporation's properties or assets;
- risks and liabilities associated with the transportation of dangerous goods and derailments;
- effects of weather conditions (such severe weather or catastrophic events including, but not limited to, fires, floods, lightning, earthquakes, extreme cold weather, storms or explosions);
- reputational risks;
- the Corporation's reliance on key personnel;
- technology and security risks, including cybersecurity;
- potential losses stemming from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which the Corporation is reliant;
- technical and processing problems, including the availability of equipment and access to properties;
- changes in gas composition; and

- failure to realize the anticipated benefits of acquisitions, dispositions and capital projects.

The foregoing lists are not exhaustive. Additional information on these and other factors which could affect the Corporation's operations or financial results are included in the Corporation's most recent AIF and in other documents on file with the Canadian securities regulatory authorities. Additionally, the Corporation faces certain risks as the majority shareholder of Tidewater Renewables including, without limitation, liquidity risk, commodity price risk (including in respect of the markets for BC LCFS emission credits, CFR emission credits and other carbon credits, rebates, tax credits, grants and other incentives), equity risk, credit risk and risks related to changes in environmental regulations, economic, political or market conditions and the regulatory environment.

Management of the Corporation has included the above summary of assumptions and risks related to forward-looking statements provided in this MD&A in order to provide holders of common shares in the capital of the Corporation with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes.

The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. Readers are therefore cautioned that the foregoing list of important factors is not exhaustive, and they should not unduly rely on the forward-looking statements included in this MD&A. Tidewater does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable securities law. All forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Further information about factors affecting forward-looking statements and management's assumptions and analysis thereof is available in filings made by the Corporation with Canadian provincial securities commissions available on **SEDAR+** at www.sedarplus.ca.

The financial outlook information contained in this MD&A about maintenance capital activities is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Additionally, the financial outlook information contained in this MD&A is subject to the risk factors described above in respect of forward-looking information generally as well as any other specific assumptions and risk factors in relation to such financial outlook noted in this MD&A. Accordingly, readers are cautioned that the financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein. The financial outlook information contained in this MD&A was approved by management as of the date such financial outlook information was announced and was provided for the purpose of providing further information about Tidewater's current expectations and plans for the future.