Management's Discussion and Analysis

For the year ended December 31, 2024

March 26, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the annual audited 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 March 26, 2025, and should be read in conjunction with Tidewater's audited consolidated financial statements as at and for the years ended December 31, 2024 and 2023 (the "Financial Statements"). The Financial Statements have been prepared in accordance with IFRS® Accounting 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 for approval 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 natural gas processing plants gather and process raw natural gas before it is injected into long-distance pipeline systems for transportation to end-use markets. Tidewater's fractionation and straddle plants process, store and transport the by-products of natural gas processing, including NGLs such as ethane, propane, butane and condensate. Tidewater engages in liquids blending and operates facilities at Brazeau, Acheson, Pipestone(1) and Valhalla, allowing the Corporation to transport, process and blend various butane and condensate streams. Margins are earned by blending products of lower value into higher-value products. As a result of these transactions, Tidewater takes advantage of the price and quality differentials between various product streams. Tidewater is well-positioned to facilitate producer growth through egress options and improved netbacks.

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 refined products to a niche market and provide an asset base for renewables initiatives. The key downstream assets include the Prince George Refinery ("PGR"), the sole

(1) On December 22, 2023, the Corporation divested the Pipestone facilities to AltaGas.

light oil refinery within the interior British Columbia ("BC") market and the renewable diesel & renewable hydrogen complex ("HDRD Complex") owned by Tidewater Renewables. The PGR refines crude oil feedstock into gasoline and diesel and is where the Corporation's co-processing activities take place. The HDRD Complex 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

Fourth Quarter

- Consolidated net loss attributable to shareholders was $3.3 million during the fourth quarter of 2024, compared to a net loss attributable to shareholders of $331.8 million during the fourth quarter of 2023. The improvement was largely due to the reversal of certain non-cash impairment charges recognized in 2023. However, this was partially offset by the gain on sale of the Pipestone natural gas plant, Pipestone expansion project, Dimsdale natural gas storage assets, and associated gathering and other infrastructure to AltaGas Ltd. in the fourth quarter of 2023 (the "Pipestone Transaction").

- Consolidated adjusted EBITDA[(1)] was $20.0 million during the fourth quarter of 2024, compared to $21.4 million during the fourth quarter of 2023. The decrease was primarily due to higher adjusted EBITDA from equity investments and lower realized losses on derivative contracts in the comparative period, partially offset by lower general and administrative costs in the current quarter.

- During the quarter, the Corporation's offtake agreement with Cenovus Energy Inc. (the "Offtake Agreement") expired and Tidewater successfully transitioned to marketing its refined products in-house. However, refining margins for the Corporation's products have been negatively impacted by the dumping of subsidized U.S. renewable diesel into the BC market causing the market to become oversupplied. On December 30, 2024, Tidewater Renewables filed a trade complaint (the "Complaint") with the Canada Border Services Agency (the "CBSA") which management of the Corporation believes will result in duties being imposed that will remedy and offset the significant impact of U.S. subsidies, which enable U.S. producers to export renewable diesel to Canada at artificially low prices.

- During the quarter, the Corporation recorded $24.3 million of net reversals of previously recorded impairment charges on its midstream assets in the Deep Basin cash generating unit ("CGU"). The increase in the net estimated recoverable amount was primarily due to the elimination of the take-or-pay fees paid to Tidewater Renewables as a result of the Transaction (as defined below), and the review of the recoverable amount of the BRC roadway network, which Tidewater sold for total proceeds of $24 million subsequent to the period.

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

Full-year 2024

- Full year consolidated net loss attributable to shareholders was $26.6 million compared to net loss attributable to shareholders of $385.9 million during 2023. The improvement is largely due to the reversal of non-cash impairment charges recognized in 2023 and higher operating income, offset in part by the gain on sale on the Pipestone Transaction in 2023 and lower deferred income tax recoveries in the current year.

- Full year 2024 consolidated adjusted EBITDA[(1)] was $134.3 million, compared to $162.9 million during 2023. The decrease was largely due to losses on the settlement of vegetable oil derivative contracts and lower adjusted EBITDA from equity investments in the current year, partially offset by higher operating income and lower general and administrative costs in 2024.

- In early May 2024, Tidewater successfully completed the previously announced three-week turnaround at the BRC safely, on time, and approximately $5 million below initial cost expectations.

- On June 4, 2024, Tidewater Midstream completed the issuance of $100 million of convertible unsecured subordinated debentures at a price of $1,000 per debenture (the " 2024 Convertible Debentures"). The 2024 Convertible Debentures mature on June 30, 2029, and accrue interest at 8% per annum, payable semi-annually, on the last day of June and December, commencing December 31, 2024. Proceeds from the issuance were used to satisfy and discharge Tidewater Midstream's $75 million convertible debentures (the "2019 Convertible Debentures) due September 30, 2024, with the remaining proceeds used for general corporate purposes.

- 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 BRC (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 Credits with a minimum value of $7.7 million to Tidewater Renewables.

- On September 12, 2024, Tidewater Midstream and Tidewater Renewables also entered into an agreement for the purchase and sale of credits ("BC LCFS Credit Purchase Agreement"), pursuant to which Tidewater Midstream purchased BC LCFS 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 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 also added a three-year delayed-draw term loan of $150 million to finance the Acquired Assets and a portion of the BC LCFS Credit purchases discussed above.

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

- 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.

- Throughout 2024, Tidewater implemented general and administrative cost cutting initiatives that resulted in approximately $5.0 million of cost savings.

Subsequent events

- On January 10, 2025, Tidewater Renewables completed the sale of its interest in the Rimrock Renewables Partnership ("RNG LP") to Biocirc Canada Holdings Inc., an affiliate of Biocirc Group ApS for total proceeds of $7.8 million, of which $4.7 million was received on close and a further $3.1 million could be received upon the satisfaction of certain post-closing conditions on or before December 30, 2025. The net proceeds of this transaction were used to repay outstanding indebtedness.

- On February 27, 2025, the Government of British Columbia announced changes to the Low Carbon Fuels Act (the "Amendments") to increase to the renewable fuel requirement for diesel from 4% to 8% for the 2025 compliance period, together with, effective April 1, 2025, requiring such renewable fuel content to be produced in Canada. Management believes that the Amendments represent a good first step in levelling the unfair trade environment and supporting the economic viability of Tidewater Renewables and the broader Canadian biofuels industry.

- On March 6, 2025, Tidewater announced that it has entered into a definitive agreement with Canadian Resource Roadways LP ("CRR"), for the sale of its BRC roadway network (the "BRC Roadway Network") for total proceeds of $24 million. The BRC Roadway Network is a non-core asset of Tidewater and the disposition of the BRC Roadway Network is expected to have an immaterial impact to Tidewater's 2025 operating results. The sale closed on March 24, 2025, and the $22.5 million of proceeds received upon closing of the sale were used on March 26, 2025, to reduce the term facility component of the Tidewater Midstream Senior Credit Facility. The balance of the proceeds will be received on or before December 31, 2025.

- In early March 2025, the CBSA initiated a countervailing and anti-dumping duty investigation into the imports of renewable diesel from the U.S. (the "Investigation"). In initiating the Investigation, CBSA confirms that Tidewater Renewables provided satisfactory evidence to support its allegations that U.S. renewable diesel imports were being subsidized and dumped, causing harm to Tidewater Renewables. A decision by the CBSA regarding whether provisional duties will be imposed at the Canada-U.S. border is anticipated by June 2025. Final duties, which would be in place for five years and can be renewed every five years thereafter, could be imposed by September 2025 following a ruling by the Canadian International Trade Tribunal. If final duties are imposed at the levels expected by management, valued between $0.50 and $0.80 per litre of renewable diesel imported from the U.S., these duties would support long-term market stability for Tidewater Renewables' renewable diesel production and its related emission credits.

- On March 26, 2025, with the support of its lenders, Tidewater Midstream revised the financial covenants within the Fifth ARCA effective January 1, 2025 through March 31, 2026 to increase the deconsolidated first lien senior debt to adjusted EBITDA covenant to 4.5:1 and lower deconsolidated EBITDA to Interest Coverage Ratio to 1.5:1. These amendments will assist in providing financial flexibility as Tidewater navigates current market conditions.

- On March 26, 2025, with the support of its lenders, Tidewater Renewables successfully amended its Senior Credit Facility and Second Lien Credit Facility. The amendments provide over $15.0 million of additional capacity to the Tidewater Renewables credit facilities and extends the maturity date of the Second Lien Tranche B and Tranche C Facilities from February 28, 2026, to October 24, 2027. The amendments also waive the requirements to comply with the quarterly financial covenants until March 31, 2026, previously waived until September 30, 2025, at which time the Tidewater Renewables will be required to maintain certain financial covenants on an annualized basis.

CONSOLIDATED AND DECONSOLIDATED FINANCIAL HIGHLIGHTS

In addition to reviewing consolidated results, management also reviews net income (loss) attributable to shareholders, net income (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 December 31			
	Tidewater Deconsolidated [2]		Tidewater Consolidated	
(in millions of Canadian dollars except per share information)	**2024**	2023	**2024**	2023
Net income (loss) attributable to shareholders	**$ 2.4**	$ (329.4)	**$ (3.3)**	$ (331.8)
Net income (loss) attributable to shareholders per share - basic	**$ 0.01**	$ (0.77)	**$ (0.01)**	$ (0.78)
Adjusted EBITDA [1]	**$ 14.0**	$ 10.7	**$ 20.0**	$ 21.4
Distributable cash flow attributable to shareholders [1]	**$ (6.6)**	$ (37.4)	**$ (11.7)**	$ (36.0)
Distributable cash flow per share – basic [1]	**$ (0.02)**	$ (0.09)	**$ (0.03)**	$ (0.08)
Net debt [3]	**$ 381.8**	$ 397.3	**$ 577.6**	$ 744.0
Total capital expenditures	**$ 5.5**	$ 19.4	**$ 11.2**	$ 51.2

(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.

	Year ended December 31			
	Tidewater Deconsolidated [2]		Tidewater Consolidated	
(in millions of Canadian dollars except per share information)	**2024**	2023	**2024**	2023
Net loss attributable to shareholders	**$ (40.7)**	$ (371.3)	**$ (26.6)**	$ (385.9)
Net loss attributable to shareholders per share - basic	**$ (0.09)**	$ (0.87)	**$ (0.06)**	$ (0.91)
Adjusted EBITDA [1]	**$ 59.8**	$ 117.0	**$ 134.3**	$ 162.9
Distributable cash flow attributable to shareholders [1]	**$ (22.7)**	$ (66.1)	**$ (3.1)**	$ (64.3)
Distributable cash flow per share – basic [1]	**$ (0.05)**	$ (0.16)	**$ (0.01)**	$ (0.15)
Net debt [3]	**$ 381.8**	$ 397.3	**$ 577.6**	$ 744.0
Total capital expenditures	**$ 23.4**	$ 87.1	**$ 44.9**	$ 292.6

(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 long-term opportunities for natural gas processing, as LNG Canada and other liquified natural gas export terminals start to ramp up during 2025 and beyond. However, the uncertainty beginning during 2024 on the emission credit market, negative pressure on short term AECO natural gas pricing, and producers shutting-in production created near term challenges for Tidewater. As a result, the Corporation's 2024 consolidated adjusted EBITDA(1) of $134.3 million was on the lower end of the previously disclosed $130 million to $150 million range.

Earlier in the year Tidewater implemented general and administrative cost cutting initiatives that resulted in savings of approximately $5.0 million for 2024.

During 2024, Tidewater Renewables continued to make meaningful progress on the front-end engineering design ("FEED") work for its proposed 6,500 bbl/d sustainable aviation fuel ("SAF") project. The SAF FEED work is expected to be completed in the second quarter of 2025 and is being funded through the sale of capital emissions credits issued under an executed incentive agreement. To manage price exposure on these capital emissions credits, Tidewater Renewables has secured a purchase commitment with an independent third party for the capital emissions credits it expects to receive. Tidewater is actively pursuing long-term offtake agreements for the SAF product expected to be produced. Tidewater Renewables continues to see significant interest in supporting future SAF developments, as well as other renewable fuel, and renewable gas initiatives, from various provincial and federal governments. The SAF project remains subject to a final investment decision which is anticipated in the second half of 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.

Subsequent to the year end, on January 10, 2025, Tidewater Renewables completed the sale of its interest in the RNG LP to Biocirc Canada Holdings Inc., an affiliate of Biocirc Group ApS, for total proceeds of $7.8 million, of which $4.7 million was received on close and a further $3.1 million is expected to be received upon the satisfaction of certain post-closing conditions on or before December 30, 2025. The net proceeds of this transaction were used by Tidewater Renewables to repay outstanding indebtedness.

Subsequent to the year end, on March 6, 2025, Tidewater entered into a definitive purchase and sale agreement for the sale of its BRC Roadway Network to CRR for total proceeds of $24.0 million (the "BRC Roadway Sale"). The BRC Roadway Network is a non-core asset and the disposition of the BRC Roadway Network is expected to have an immaterial impact on Tidewater's 2025 operating results. The sale closed on March 24, 2025, and the $22.5 million of proceeds received upon closing of the sale were used on March 26, 2025, to reduce the term facility component of the Tidewater Midstream Senior Credit Facility. The balance of the proceeds will be received on or before December 31, 2025.

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

Transaction between Tidewater Midstream and Tidewater Renewables

As disclosed in the Corporation's MD&A for the three and nine months ended September 30, 2024, on September 12, 2024, Tidewater Midstream and Tidewater Renewables announced the closing of the related party Transaction.

Pursuant to 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 Credits to Tidewater Renewables with a minimum value of $7.7 million. As at December 31, 2024, $1.3 million was recognized as a payable from Tidewater Midstream and was subsequently paid in the first quarter of 2025. Tidewater Renewables used the cash proceeds of the Transaction to repay amounts outstanding on its Senior Credit Facility.

In connection with the Transaction, on September 12, 2024, Tidewater Midstream and Tidewater Renewables entered into the BC LCFS Credit Purchase Agreement pursuant to which Tidewater Midstream purchased BC LCFS Credits from Tidewater Renewables on September 12, 2024, for an aggregate purchase price of approximately $7.2 million, and also agreed to purchase additional BC LCFS 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. Tidewater Midstream exercised its call option in November 2024. The cash proceeds for the purchase of additional BC LCFS Credits are paid monthly by Tidewater Midstream as the BC LCFS Credits are purchased from Tidewater Renewables.

Refinancing and Extension of Credit Facilities

Tidewater Midstream

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 11 *Bank Debt* of the Financial Statements and the **LIQUIDITY AND CAPITAL RESOURCES** section of this MD&A.

Subsequent to the year, on March 26, 2025, with the support of its lenders, Tidewater Midstream made several amendments to the Fifth ARCA. The amendments revised the Tidewater Midstream financial covenant requirements until March 31, 2026, details of which are discussed further in the **LIQUIDITY AND CAPITAL RESOURCES** section of this MD&A. Additionally, in conjunction with the closing of BRC Roadway Sale and the permanent repayment of a portion of the term facility using the proceeds from the sale, the Fifth ARCA was amended to defer the first mandatory quarterly repayment of $5.0 million on the term facility until April 30, 2026.

Tidewater Renewables

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 12 *Second Lien Credit Facility and Warrant Liabilities* 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 share purchase warrants to an affiliate of the Term Lender (the "2024 Warrants") to acquire 1.0 million 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 11 *Bank Debt* and note 12 *Second Lien Credit Facility and Warrant Liabilities* 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. This provided some relief to the short-term liquidity issues caused by the significant decline in BC LCFS 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.

Subsequent to the year, on March 26, 2025, Tidewater Renewables successfully amended its Senior Credit Facility and Second Lien Credit Facility, securing an additional $15.0 million in capacity for its credit facilities. This strategic refinancing also extends the maturity date of the Second Lien Tranche B and Tranche C Facilities, from February 28, 2026, to October 24, 2027. Importantly, these refinancings include the waiver of the quarterly financial covenant requirements until March 31, 2026, previously waived through September 30, 2025. Following this period, Tidewater Renewables will be required to maintain certain financial covenants on an annualized basis.

These refinancings significantly enhance Tidewater Renewables financial flexibility, providing the additional capacity necessary to support its ongoing financial stability and deleveraging initiatives. Tidewater Renewables is also pleased to acknowledge the continued confidence demonstrated by its lenders, reflecting their strong support for Tidewater Renewables' long-term business strategy. This affirmation underscores the lenders' belief in Tidewater Renewables' future prospects and its ability to execute on its strategic vision, further strengthening Tidewater Renewables' position for financial stability while facilitating its debt reduction initiative. For further information on the refinancing of the Tidewater Renewables credit facilities, please see the **LIQUIDITY AND CAPITAL RESOURCES** section of this MD&A.

Regulatory engagement

Tidewater Renewables is engaged in ongoing discussions with the Governments of Canada and British Columbia to explore adjustments to low carbon fuel regulations aimed at improving liquidity and pricing stability for emissions credits. At the end of 2024, Tidewater Renewables retained external trade law counsel to prepare and file the Complaint, regarding the unfair pricing of U.S. renewable diesel imports, which are negatively impacting the competitiveness of Canadian operations, and is seeking fair competition to support the growth of the Canadian renewable diesel industry and enhance energy security.

Tidewater Renewables has expressed concerns regarding the unfair competitive advantage held by U.S. renewable diesel producers who are able to export their products into British Columbia, benefiting from U.S. subsidies generated at the point of production and the generation of emissions credits at the point of sale. Management believes that this has resulted in an unlevel playing field for Canadian renewable diesel producers. The changes to the Low Carbon Fuels Act announced by the Government of British Columbia on February 27, 2025, are viewed by management as a positive first step in addressing these disparities and supporting the long-term viability of both Tidewater Renewables and the broader Canadian biofuels industry.

Specifically, the Amendments increase the renewable fuel requirement for diesel from 4% to 8% for the 2025 compliance period, and require that renewable fuel content be produced in Canada, effective April 1, 2025. These changes demonstrate the Government of British Columbia's ongoing commitment to strengthening the Canadian biofuels sector. Tidewater Renewables will continue to collaborate with both the Governments of Canada and British Columbia to ensure fair and appropriate policies are put in place to support the growth of the Canadian renewable fuels industry.

Trade action

On December 30, 2024, Tidewater Renewables filed the Complaint with the CBSA regarding the dumping and subsidization of U.S. renewable diesel imports. If final duties are imposed at the levels expected by management, duties between $0.50 and $0.80 per litre could potentially be imposed on U.S. imports to counteract unfair trade practices, based on an estimated 40% to 60% range of subsidization and dumping.

Subsequent to the year, on March 6, 2025, the CBSA formally initiated the Investigation, confirming the validity of Tidewater Renewables' allegations. A decision by the CBSA regarding provisional duties is expected by June 2025, and final duties, if imposed, could provide long-term market stability for Tidewater Renewables renewable diesel production and emission credits.

These measures are separate from the ongoing Canada-U.S. trade dispute, as the Complaint was filed before the imposition of tariffs. Any duties resulting from the Investigation would be in addition to any existing tariffs imposed by Canada in response to U.S. actions. Tidewater Renewables supports free and fair trade in Canada's renewable diesel market, viewing the Investigation as a critical step in addressing unfair trade practices that have undermined the competitiveness of Canadian producers and the growth of the Canadian renewable diesel industry.

Subsequent to the year, on February 27, 2025, the Government of British Columbia announced the Amendments to increase the renewable fuel requirement for diesel from 4% to 8% for the 2025 compliance period, together with, effective April 1, 2025, requiring such renewable fuel content to be produced in Canada. Management believes that the Amendments represent a good first step in levelling the unfair trade environment and supporting the economic viability of Tidewater Renewables and the broader Canadian biofuels industry.

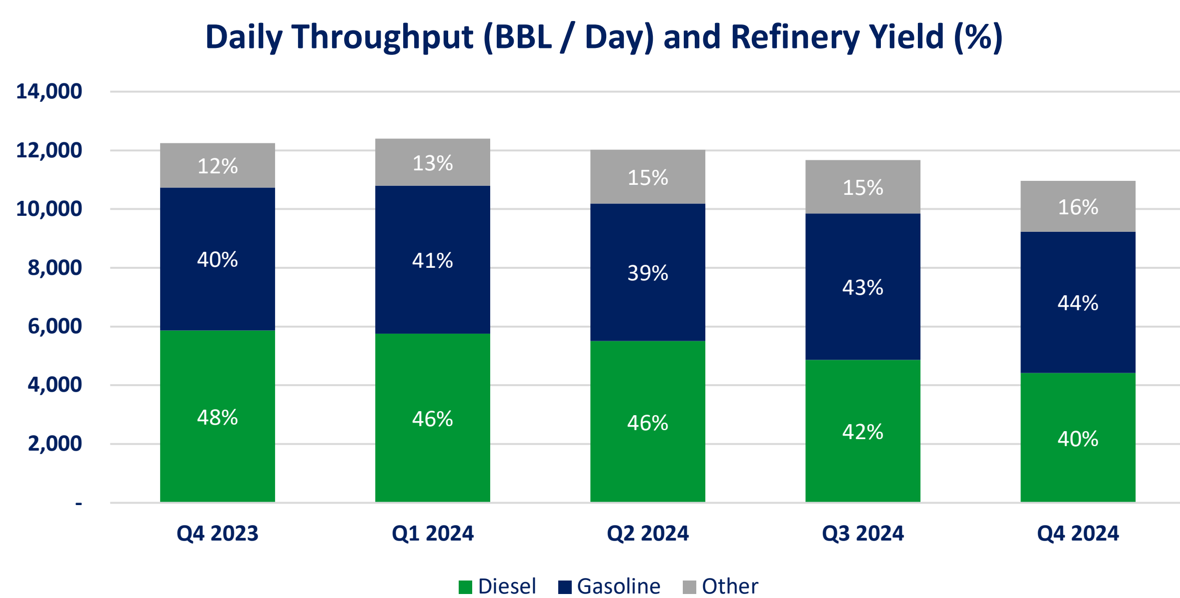
Prince George Refinery

The PGR is a 12,000 bbl/day light oil refinery that predominantly produces low sulfur diesel and gasoline to supply interior and northern British Columbia. The PGR has significant onsite storage capacity of more than 1.0 MMbbl and flexible logistics, with pipeline, rail, and truck connectivity.

During the fourth quarter of 2024, total throughput at the PGR was 10,963 bbl/day, 6% lower than the third quarter of 2024 primarily due to both internally scheduled and third-party maintenance work. Total throughput was 10% lower than the fourth quarter of 2023 largely due to third-party pipeline maintenance that decreased the volume of crude feedstock coming into the facility and limited availability of intermediate feedstocks. The PGR is currently on a four-year turnaround cycle, with the next scheduled turnaround in the second quarter of 2027.

As previously disclosed, the Offtake Agreement expired on November 1, 2024. The 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 marketing diesel and gasoline volumes from the PGR and HDRD Complex directly to its customers. Following the expiry of the Offtake Agreement, Tidewater successfully entered into agreements to replace the vast majority of the nameplate capacity on diesel and gasoline volumes produced at the PGR and the HDRD Complex for 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 the remainder of 2025. Current wholesale discounts are wider than those at the time the 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. Wider wholesale discounts are expected to yield lower margins until the outcome of the Complaint is determined and the unbalanced trade environment and high volume of diesel imports inundating the BC market is addressed. 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:



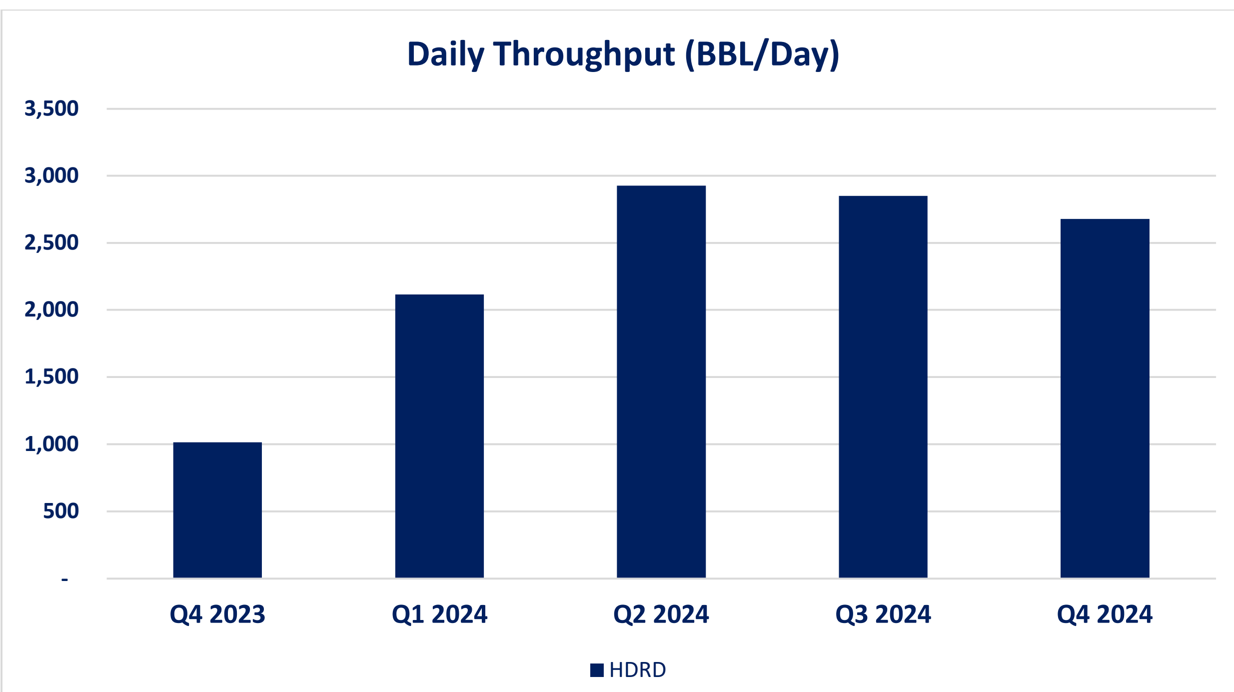
Tidewater's refining operations are impacted by the difference between the price of refined product and the price of feedstock ("crack spread") as well as wholesale discounts. Refining margins are also subject to seasonal factors as production changes to match seasonal demand. The Prince George crack spread averaged $75/bbl during the fourth quarter of 2024, an 11% decrease from the third quarter of 2024 and a 14% decrease from the fourth quarter of 2023. The decrease from the third quarter of 2024 is largely due to lower diesel and gasoline pricing, partially offset by lower costs for crude feedstock. The decrease from the fourth quarter of 2023 was primarily due to lower diesel pricing, slightly offset by higher gasoline pricing. Gasoline sales volumes in the fourth quarter of 2024 decreased compared to the third quarter of 2024 and fourth quarter of 2023 due to the expiry of the Offtake Agreement and lower sales outside of the Offtake Agreement. Diesel sales volumes in the fourth quarter of 2024 decreased compared to the fourth quarter of 2023 and third quarter of 2024 due to the expiry of the Offtake Agreement and demand constraints driven by the oversupply from the U.S. market and recessionary pressures, including uncertainty in the market from the impact of potential tariffs. Diesel inventories built during the fourth quarter of 2024 are being marketed to third parties during the first quarter of 2025.

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 the carbon intensity ("CI") of the renewable fuel it produces. The HDRD Complex commenced commercial operations in November 2023.

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 helps to optimize refining costs. Tidewater Renewables has entered into financial forward contracts for vegetable oils to minimize commodity price exposure and protect its cash flows, and remains hedged on approximately 30% of its feedstock volume requirements through 2025.

Daily throughput at the HDRD Complex was as follows:



Tidewater Renewables' primary focus continues to be on maintaining a high and consistent utilization rate at the HDRD Complex. During the three months and year ended December 31, 2024, the HDRD Complex averaged daily throughput of 2,677 bbl/d and 2,643 bbl/d, respectively. Tidewater Renewables' full year utilization exceeded the previously announced target of 2,550 bbl/d by 4%.

Significant improvements in throughput and reliability at the HDRD Complex resulted in achieving an average daily throughput of 2,643 bbl/d for the full year of 2024, representing an 88% utilization rate. Over 170 million litres of renewable diesel have been produced and sold into the local British Columbia market since the HDRD Complex commenced commercial operations in November 2023.

During winter operations, the HDRD Complex produces a high-quality, low cloud point renewable diesel that meets the cold temperature specifications for diesel fuel in Canada. This operating mode requires minor reductions to throughput rates in order to optimize hydrogen production for the enhanced severity operation.

Across North America, fuel suppliers are subject to numerous mandates to decrease the CI 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 low carbon fuel standard programs including those in British Columbia, California, Oregon, and Washington. To comply with these mandates, fuel suppliers must either lower the CI of their fuel, undertake approved capital projects to reduce emissions, or acquire emission credits from other fuel suppliers.

Looking forward, the British Columbia Low Carbon Fuel Standard program mandates that marketers of fossil-derived fuels and their alternatives adhere to increasingly stringent CI reduction targets, which will tighten in 2025 compared to 2024. Specifically, the CI reduction target was set at 16% in 2024, with an increase to 18.3% in 2025, ultimately aiming for a 30% reduction by 2030 relative to the 2010 CI levels. The tightening CI reductions targets will require obligated parties to blend more renewable fuel into their existing fuel stream, or acquire additional BC LCFS Credits, both of which are expected to increase the market and demand for Tidewater Renewables' products. This evolving regulatory framework is expected to enhance market conditions and drive a higher demand for emissions credits. Notably, British Columbia remains the only province in Canada with an established LCFS program, positioning it as a leader in clean fuel policy.

The renewable fuel produced by Tidewater Renewables has a CI 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 132 MMcf/day in the fourth quarter of 2024, 8 MMcf/day higher than the third quarter of 2024 during which lower producer volumes flowed into the facility due to decreased natural gas prices. Throughput in the fourth quarter of 2024 was relatively consistent with throughput in the fourth quarter of 2023.

The BRC fractionation facility utilization averaged 94% in the fourth quarter of 2024, compared to 82% in the third quarter of 2024 and 87% in the fourth quarter of 2023. Utilization was higher compared to the third quarter of 2024 primarily due to higher producer volumes coming into the facility. Fractionation facility utilization was higher than the fourth quarter of 2023 largely due an increase in trucked-in volumes and higher recoveries of C3+ at the BRC gas plant in the fourth quarter of 2024. 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 15 MMcf/d in the fourth quarter of 2024, however, no gas was processed at the facility during the quarter as gas processing activities 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 when producer activity restarts. Sulfur handling activities were operational during the fourth quarter of 2024.

Subsequent to the end of the year, on January 7, 2025, management made the decision to temporarily lay-up the Ram River Gas Plant, including sulfur handling activities, in order to manage ongoing operating costs and to allow for gas prices to recover and gas flow from producers to resume. Management's intent is to restart the facility when commodity prices strengthen and gas flow from producers commences.

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 was $23.8 million, slightly lower than the expected range of $25 million to $30 million.

Tidewater's consolidated full-year 2025 capital program is focused on maintaining safe and reliable operations and is expected to range between $15 million - $20 million.

RESULTS OF OPERATIONS

Results overview

(in millions of Canadian dollars except per share and percentage information)	Three months ended December 31, 2024	2023	Year ended December 31, 2024	2023
Revenue	**$ 362.0**	$ 503.0	**$ 1,640.5**	$ 2,208.3
Operating expenses	**$ 334.0**	$ 475.2	**$ 1,442.6**	$ 2,051.9
General and administrative	**$ 6.5**	$ 19.2	**$ 39.5**	$ 51.3
Share-based compensation	**$ 0.4**	$ 2.2	**$ 5.0**	$ 13.9
Depreciation	**$ 24.8**	$ 26.3	**$ 90.5**	$ 96.8
Finance costs and other	**$ 21.5**	$ 26.6	**$ 81.5**	$ 99.9
Realized loss (gain) on derivative contracts	**$ 7.6**	$ 5.9	**$ 42.4**	$ (17.3)
Unrealized (gain) loss on derivative contracts	**$ (1.9)**	$ 8.6	**$ (17.9)**	$ 52.8
Unrealized gain on marketable securities	**$ -**	$ (5.9)	**$ -**	$ (5.9)
Realized gain on marketable securities	**$ -**	$ -	**$ (5.0)**	$ -
Impairment (reversal) expense	**$ (24.3)**	$ 417.6	**$ (19.7)**	$ 417.6
Loss (gain) on sale of assets	**$ 1.9**	$ (112.1)	**$ 1.0**	$ (110.8)
(Income) loss from equity investments	**$ (3.8)**	$ 2.1	**$ (3.7)**	$ (5.3)
Transaction costs	**$ 0.4**	$ 9.1	**$ 4.7**	$ 13.6
Deferred income tax recovery	**$ (1.6)**	$ (33.2)	**$ (1.6)**	$ (51.0)
Net loss attributable to shareholders	**$ (3.3)**	$ (331.8)	**$ (26.6)**	$ (385.9)
Basic and diluted net loss attributable to shareholders per share	**$ (0.01)**	$ (0.78)	**$ (0.06)**	$ (0.91)
Net cash provided by (used in) operating activities	**$ 16.9**	$ (5.2)	**$ (33.5)**	$ 137.5
Total common shares outstanding (millions)	**431.1**	427.8	**431.1**	427.8
Total consolidated assets	**$ 1,241.0**	$ 1,603.6	**$ 1,241.0**	$ 1,603.6

Revenue

Revenue in the fourth quarter of 2024 decreased by $141.0 million to $362.0 million, from $503.0 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, and the temporary shut-in of gas processing activities at the Ram River Gas Plant. The decrease was offset in part by higher sales of renewable diesel from the HDRD Complex which began commercial operations in the fourth quarter of 2023.

Net throughput volumes at Tidewater's natural gas processing and extraction facilities averaged 218 MMcf/day during the fourth quarter of 2024, a 42% decrease compared with 376 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.

For the year ended December 31, 2024, revenue decreased by $567.8 million to $1,640.5 million, from $2,208.3 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 the BRC tower, and lower throughput volume at the Ram River Gas Plant and the BRC, offset in part by the sale of renewable diesel from a full year of commercial operations at the HDRD Complex.

Net throughput volumes at Tidewater's natural gas processing and extraction facilities averaged 248 MMcf/day during the year ended December 31, 2024, a 35% decrease compared with 380 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, a three-week turnaround at the BRC during the second quarter, and lower producer volumes coming through the BRC during the third quarter of 2024.

Prior to its expiry, revenue attributable to the Offtake Agreement accounted for the majority of the Corporation's revenue for the year ended December 31, 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 lost with the expiration of the Offtake Agreement. While Tidewater successfully replaced the vast majority of the volume commitment lost following the expiration of the Offtake Agreement for the remainder of 2024, the market rate obtained for such replacement volumes is markedly lower than the rate previously obtained under the Offtake Agreement due to wider wholesale discounts, resulting in lower margins, until the outcome of the Complaint and the unbalanced trade environment is addressed. Tidewater is in the process of marketing the diesel and gasoline volumes produced at the PGR and the HDRD Complex for the remainder of 2025.

Tidewater also intends to sell additional volumes of diesel and gasoline to users in the regional and Western Canadian markets, either under agreements with new purchasers or on the spot diesel and gasoline 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 and potentially result in pressure on operating margins.

Operating expenses

Operating expenses for the three months ended December 31, 2024 decreased by $141.2 million to $334.0 million, from $475.2 million in the fourth quarter of 2023. For the year ended December 31, 2024, operating expenses were $1,442.6 million, a $609.3 million decrease from $2,051.9 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, no commercial operations at Acheson and the BRC tower during 2024, lower operating costs at the BRC during the second half of the year due to optimizations made during the scheduled second quarter turnaround at the facility, and the temporary shut-in of gas processing activities at the Ram River Gas Plant starting in 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 December 31, 2024, were $6.5 million compared to $19.2 million for the three months ended December 31, 2023, primarily due to lower non-recurring employee costs as the comparative period included the accelerated vesting of long-term incentive plan costs related to executive leadership changes made in 2023. For the year ended December 31, 2024, general and administrative expenses were $39.5 million compared to $51.3 million in the same period of 2023. The comparative year included higher non-recurring costs related to management and restructuring changes. The year ended December 31, 2024 includes lower employee costs largely attributed to the Corporations cost cutting initiatives and the resulting decrease in headcount, offset in part by lower corporate costs being capitalized to projects during 2024, as compared to the same period in 2023 when the HDRD Complex was under construction.

Share-based compensation

For the three months and year ended December 31, 2024, share-based compensation costs were $0.4 million and $5.0 million, respectively, compared to $2.2 million and $13.9 million for the three months and year ended December 31, 2023, respectively. The lower expense in both periods is primarily attributable to share award forfeitures, cancellations, and the adjustment of the performance factor associated with certain restricted share units, which reflects the impact of changes in the vesting conditions compared to prior periods.

Depreciation

Depreciation expense for the three months and year ended December 31, 2024, was $24.8 million and $90.5 million, respectively, compared to $26.3 million and $96.8 million for the three months and year ended December 31, 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 other 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 December 31, 2024 were $21.5 million, compared to $26.6 million in the same period of 2023. During the year ended December 31, 2024, finance costs and other were $81.5 million compared to $99.9 million in the comparative period of 2023. The decrease in both periods was primarily due to lower average debt drawn on Tidewater Midstream's Senior Credit Facility, resulting in lower interest expense in both periods, largely due to repayments made from the proceeds received from the sale of the Pipestone Assets. Partially offsetting this decrease were higher average interest rates on all credit facilities and the absence of interest capitalized to projects in 2024.

Realized loss (gain) on derivative contracts

The realized loss on derivative contracts for the three months ended December 31, 2024 was $7.6 million compared to a loss of $5.9 million in the same period of 2023. Realized losses during the fourth quarter of 2024 largely related to the settlement of vegetable oil derivative contracts, partially offset by realized gains on the settlement of refined product derivative contracts. The realized loss during the three months ended December 31, 2023 was also primarily driven by the settlement of vegetable oil derivative contracts. During the year ended December 31, 2024, the realized loss on derivative contracts was $42.4 million compared to a gain of $17.3 million in the same period of 2023. The realized losses during the year ended December 31, 2024, largely related to the settlement of vegetable oil derivative contracts. The realized gain during the year ended December 31, 2023, was primarily driven by the settlement of power, interest rate, and crude oil derivative contracts, partially offset by realized losses on vegetable oil derivative contracts.

Unrealized (gain) loss on derivative contracts

The unrealized non-cash gains on derivative contracts for the three months and year ended December 31, 2024 were $1.9 million and $17.9 million, respectively, compared to unrealized non-cash losses of $8.6 million and $52.8 million for the three months and year ended December 31, 2023, respectively. The change in both periods was primarily due to fluctuations in vegetable oil, power, crack spread, and refined product derivative contracts. In addition, unrealized gains of $0.2 million and $3.0 million for the three months and year ended December 31, 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 a shorter period to expiry for the 2022 warrant issuance at December 31, 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 Ltd. ("AltaGas") common shares that were received on December 22, 2023, as partial consideration for the Pipestone Transaction.

Impairment (reversal) expense

In the fourth quarter of 2024, Tidewater recorded $24.3 million of net reversals of previously recorded impairment charges to the Deep Basin CGU. The impairment reversal resulted from a net increase in the estimated recoverable amount of certain assets within the Deep Basin CGU compared to the prior impairment assessment performed at December 31, 2023. The increase in the net estimated recoverable amount was primarily due to the elimination of take-or-pay fees paid to Tidewater Renewables as a result of the Transaction, and the review of the recoverable amount of the BRC Roadway Network as a result of its imminent sale. The recoverable amounts were calculated based on fair value less costs to dispose or value in use, which represents the estimated net present value of the cash flows expected to be derived from the asset.

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 third quarter.

In the fourth quarter of 2023, indicators of impairment were identified for certain Brazeau, Acheson, and non-core midstream assets within the Deep Basin CGU and for non-core midstream assets within the North CGU. Recoverable amounts were assessed using the higher of fair value less costs to dispose and value in use and, as a result, Tidewater recorded an impairment expense of $417.6 million.

Loss (gain) on sale of assets

During the fourth quarter of 2024, the Corporation disposed of certain non-core assets for a loss of $1.9 million.

During the fourth quarter of 2023, Tidewater recognized a gain on the sale of assets of $112.1 million. The gain was largely due to the completion of the Pipestone Transaction in December 2023, which resulted in a disposition gain of $111.6 million. A gain of $0.5 million on the disposition of certain other non-core assets was also recognized.

(Income) loss from equity investments

During the three months and year ended December 31, 2024, income from equity investments was $3.8 million and $3.7 million, respectively, compared to a loss from equity investments of $2.1 million during the three months ended December 31, 2024, and income from equity investments of $5.3 million during the full year of 2023. The increase in income for the three months ended December 31, 2024 was primarily driven by the Corporation's investment in Rimrock Cattle Company Ltd., which had higher unrealized gains resulting from the revaluation of the cattle inventory. The decrease in the income from equity investments for the year ended December 31, 2024 was largely due to the sale of Tidewater Pipestone Infrastructure LP in December of 2023 as part of the Pipestone Transaction.

Transaction costs

Transaction costs for the three months and year ended December 31, 2024 were $0.4 million and $4.7 million, respectively, compared to $9.1 million and $13.6 million for the three months and year ended December 31, 2023, respectively. Transaction costs incurred during 2024 primarily related to external legal counsel and financial advisors engaged for the Transaction, the sale of assets from Tidewater Renewables' used cooking oil feedstock assets, and the divestiture of Tidewater Renewable's interest in RNG LP. Transaction costs incurred during 2023 were primarily related to external legal counsel and financial advisors engaged for the Pipestone Transaction.

Deferred income tax recovery

Tidewater had a deferred income tax recovery of $1.6 million in both the three months and year ended December 31, 2024, compared to a deferred tax recovery of $33.2 million and $51.0 million for the three months and year ended December 31, 2023, respectively. The variance was primarily due to the smaller net loss before income tax in both current periods. 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 months and year ended December 31, 2024, Tidewater generated a net loss attributable to shareholders of $3.3 million and $26.6 million, respectively, compared to a net loss attributable to shareholders of $331.8 million and $385.9 million for the three months and year ended December 31, 2023, respectively. The smaller net loss in both periods was largely due to higher operating income, impairment reversals in the current year, and favorable changes in the fair value of derivative contracts, offset in part by the gain on the Pipestone Transaction in 2023, and lower deferred income tax recoveries in the current year.

Capital Expenditures

The following table summarizes growth and maintenance capital expenditures for the three months and year ended December 31, 2024 and 2023:

(in millions of Canadian dollars)	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Growth capital (1)	**$ 7.2**	$ 36.7	**$ 21.1**	$ 216.6
Maintenance capital (1)	**4.0**	14.5	**23.8**	76.0
Total capital expenditures	**$ 11.2**	$ 51.2	**$ 44.9**	$ 292.6
Capital emission credits awarded (2)	**$ (3.6)**	$ (0.3)	**$ (46.5)**	$ (82.7)

(1) Supplementary financial measures. See the “Non-GAAP Measures” section of this MD&A.

(2) During the three months and year ended December 31, 2024, $NIL and $23.6 million of capital emission credits were monetized, respectively.

Growth capital

Consolidated growth capital expenditures for the three months and year ended December 31, 2024 were $7.2 million and $21.1 million, respectively, compared to $36.7 million and $216.6 million in the same periods of 2023. Growth capital expenditures for the three months ended December 31, 2024, were primarily for FEED work on Tidewater Renewables’ SAF project. For the year ended December 31, 2024, growth capital expenditures were primarily related to optimizing the HDRD Complex and advancing FEED work on Tidewater Renewables’ SAF project. Growth capital expenditures in the three months and full-year 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 certain 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 of $4.0 million for the three months ended December 31, 2024, were largely related to tank maintenance and work on the steam methane reformer at the PGR, and bridge and boiler pump maintenance and post-turnaround related work at the BRC. Expenditures during the three months ended December 31, 2023 were mainly due to maintenance projects at the BRC and the Pipestone natural gas plant that was subsequently sold as part of the Pipestone Transaction in the fourth quarter of 2023.

For the year ended December 31, 2024, maintenance capital expenditures were $23.8 million, and primarily related to work on the second quarter BRC turnaround, and tank maintenance and work on the steam methane reformer at the PGR. Spending in the full year comparative period of $76.0 million was mainly due to work on the scheduled PGR turnaround that took place in the second quarter of 2023 and maintenance projects at the Pipestone natural gas plant.

SELECTED ANNUAL INFORMATION

The following table presents selected consolidated annual financial information for Tidewater:

(In millions of Canadian dollars, except per share information)		**Year ended December 31,** **2024**		2023		2022
Revenue	**$**	**1,640.5**	$	**2,208.3**	$	2,875.2
Net (loss) income attributable to shareholders		**(26.6)**		**(385.9)**		8.5
Net (loss) income per share attributable to shareholders – basic and diluted		**(0.06)**		**(0.91)**		0.02
Dividends declared		**-**		**12.8**		15.3
Dividends declared per common share		**-**		**0.03**		0.04
Total assets		**1,241.0**		**1,603.6**		2,274.6
Total non-current liabilities		**636.7**		**338.4**		981.7

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)		**Q4 2024**		Q3 2024		Q2 2024		Q1 2024
Revenue	**$**	**362.0**	$	377.7	$	461.3	$	439.5
Net loss attributable to shareholders		**(3.3)**		(7.3)		(4.7)		(11.3)
Net loss per share attributable to shareholders – basic and diluted		**(0.01)**		(0.02)		(0.01)		(0.03)
Consolidated adjusted EBITDA (1)	**$**	**20.0**	$	29.2	$	45.3	$	39.8

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

(In millions of Canadian dollars, except per share information)		Q4 2023		Q3 2023		Q2 2023		Q1 2023
Revenue	$	503.0	$	582.1	$	508.7	$	614.5
Net loss attributable to shareholders		(331.8)		(22.9)		(6.4)		(24.8)
Net loss per share attributable to shareholders – basic and diluted		(0.78)		(0.05)		(0.02)		(0.06)
Consolidated adjusted EBITDA (1)	$	21.4	$	48.6	$	44.0	$	48.9

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

During 2024, Tidewater's results were impacted by the following factors and trends:

- a full year of commercial operations at the HDRD Complex;
- a net reversal of $24.3 million of impairment charges previously recorded on the Deep Basin CGU;
- a high influx of subsidized U.S. renewable diesel into the BC market creating pressure on diesel pricing, widening wholesale discounts, and reducing the demand for BC LCFS Credits;
- a scheduled three-week turnaround at the BRC in the second quarter, limiting gas processing activities during this period;
- volatility in unrealized gains and losses on derivative contracts as a result of price movement in the derivative contracts entered into by the Corporation;
- a decrease in natural gas prices during the second half of the year, adversely impacting producer volumes coming into the Ram River Gas Plant and resulting in the temporary shut-in of gas processing activities at the facility; and
- lower average power prices compared to 2023.

During 2023, Tidewater's results were impacted by the following factors and trends:

- a scheduled turnaround at the Price George refinery in the second quarter, reducing gasoline and diesel sales volume during this period;
- volatility in commodity prices impacting product margins;
- lower average power prices;
- a $417.6 million impairment expense recorded on certain assets in the Deep Basin and North CGUs; and
- the recognition of a $111.6 million gain on the sale of the Pipestone Assets during the fourth quarter.

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.

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.

During the second half of 2024 and continuing into 2025, 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, pending tariffs on energy and slowing demand due to adverse economic pressures in Canada. These conditions had a negative impact on the Corporation's profitability and liquidity. Additionally, the oversupply of U.S. renewable diesel into the BC market has also decreased the demand and price for BC LCFS Credits, which negatively impacts the Corporation. These conditions have continued into 2025, and in conjunction with the expiration of the Offtake Agreement are expected to further lower the margins previously achieved by Tidewater Midstream.

On March 26, 2025, the financial covenants within the Tidewater Midstream Fifth ARCA were revised, details of which are discussed further on. These amendments will assist in providing financial flexibility as Tidewater navigates the market conditions stated above.

Tidewater anticipates that net cash provided by operating activities, cash available from its Senior Credit Facilities, proceeds from the sale of BC LCFS Credits and other sources of financing will be sufficient to meet its obligations and financial commitments and provide sufficient funding for anticipated capital expenditures.

Late in the fourth quarter of 2024 Tidewater Renewables filed the Complaint with the CBSA targeting the imports of renewable diesel from the U.S. to Canada. If successful, duties valued between $0.50 and $0.80 per litre could be imposed at the Canada/U.S. border to counter the subsidized U.S. renewable diesel imports. While Tidewater is confident in the chances of success for the Complaint, there is no certainty that the Complaint will be successful.

On February 27, 2025, the Government of British Columbia announced changes to the Low Carbon Fuels Act aimed at strengthening the British Columbia renewable fuels industry and reducing the impact of U.S. subsidies for renewable fuels. Please see the OUTLOOK AND CORPORATE UPDATE section of this MD&A

for further information on the changes to the Low Carbon Fuels Act. Tidewater continues to engage in discussions with the Government of British Columbia and the Government of Canada to further address policy issues affecting the renewable fuel industry. There is no certainty these discussions will lead to further positive regulatory developments.

Additionally, the Corporation continues to engage with prospective purchasers of diesel and gasoline volumes from the PGR and HDRD Complex to replace the sales volumes lost following the expiration of the Offtake Agreement. As of the date of this MD&A, Tidewater is in the process of marketing the nameplate capacity on diesel and gasoline volumes produced at the PGR and the HDRD Complex for the remainder of 2025. Current wholesale discounts are wider than those at the time the 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 outcome of the Complaint is determined and the unbalanced trade environment is addressed. 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.

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. However, the completion of the Transaction and refinancing of the Tidewater Renewables Senior Credit Facility and the Tidewater Renewables Second Lien Credit Facility during the third quarter of 2024 has alleviated the short-term risk.

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. Of this amount, $2.0 million, which had been held in escrow during the third quarter 2024, was released to Tidewater Renewables in the fourth quarter of 2024 upon the fulfillment of customary post-closing conditions. The net proceeds of this transaction were used to reduce Tidewater Renewables' debt levels and interest costs.

Additionally, during the third quarter of 2024, Tidewater Renewables initiated the process to divest its interest in the RNG LP to Biocirc Canada Holdings Inc., an affiliate of Biocirc Group ApS. These assets are classified as held for sale in Financial Statements. This decision to divest its interest in the RNG LP aligns with Tidewater Renewables' ongoing efforts to optimize its asset portfolio, enhance its liquidity, and strengthen its balance sheet. On January 10, 2025, Tidewater Renewables completed the sale of its interest in the RNG LP for total proceeds of $7.8 million, of which $4.7 million was received on close and a further $3.1 million is to be received upon the satisfaction of certain post-closing conditions on or before December 30, 2025.

These aforementioned transactions immediately enhanced Tidewater Renewables' leverage profile and reduced cash interest costs. As at December 31, 2024, Tidewater Renewables had negative working capital of $1.8 million (excluding the assets held for sale), nominal cash and cash equivalents, and cash flow provided by operating activities of $54.6 million for the year ended December 31, 2024.

Subsequent to 2024, and in line with its objectives to enhance energy resilience, support local biofuel producers, and address the competitive disparity with U.S. renewable diesel producers, the Government of British Columbia announced the Amendments on February 27, 2025. The Amendments increase the renewable fuel requirement for diesel from 4% to 8%, for the 2025 compliance period, and mandate that renewable fuel content be produced in Canada, effective April 1, 2025.

Additionally, on March 6, 2025, the CBSA initiated the Investigation. This follows the Complaint filed by Tidewater Renewables in late 2024, which provided evidence of U.S. imports being subsidized and sold at unfair prices, causing harm to the Canadian biofuels industry. A decision by the CBSA regarding provisional duties is expected by June 2025, with final duties potentially imposed by September 2025. If finalized at the levels anticipated by management of $0.50 to $0.80 per litre, these duties, if imposed, are expected to support long-term market stability for Tidewater Renewables renewable diesel production and related emission credits. For further information on the current state of the emissions credit markets, the Amendments, and the Investigation, readers should refer to the **OUTLOOK AND CORPORATE UPDATE** section of this MD&A.

The Amendments and Investigation have increased demand for renewable diesel and emission credits, which are expected to support the long-term financial viability of Tidewater Renewables. Additionally, on March 26, 2025, Tidewater Renewables successfully amended its Senior Credit Facility and Second Lien Credit Facility, details of which are discussed further on. This strategic refinancing significantly strengthens Tidewater Renewables' leverage profile, positioning Tidewater Renewables for enhanced financial stability while facilitating its future deleveraging initiative.

The following table summarizes Tidewater's credit facilities and debt outstanding as at December 31, 2024:

(in millions of Canadian dollars)	Maturity Date	Rate		Facility Amount		Amount Drawn
Tidewater Midstream Senior Credit Facility	September 12, 2026	variable	$	324.3	**$**	**281.8**
Convertible Debentures	June 30, 2029	fixed		100.0		**100.0**
Tidewater Midstream Total			$	424.3	**$**	**381.8**
Tidewater Renewables Senior Credit Facility	February 28, 2026	variable		30.0		**20.9**
Tidewater Renewables Second Lien Credit Facility	October 24, 2027 (1)	variable		175.0		**175.0**
Tidewater Renewables Total			$	205.0	**$**	**195.9**
Tidewater Consolidated			$	629.3	**$**	**577.7**

(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. The Senior Credit Facilities and the Second Lien Credit Facility are not cross-collateralized, are not subject to cross defaults, nor are Tidewater Midstream and Tidewater Renewables consolidated for the purposes of covenant testing or availability.

Tidewater Midstream

As 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 2024 Convertible Debentures on a bought-deal basis. The 2024 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 the 2019 Convertible Debentures and for general corporate purposes. The 2019 Convertible Debentures were due on September 30, 2024 and 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 December 31, 2024**
Syndicated facility	$	125.0	September 12, 2026	**$**	**125.0**
Operating facility		50.0	September 12, 2026		**7.5**
Term facility		149.3	August 30, 2027		**149.3**
Tidewater Midstream Senior Credit Facility	$	324.3		**$**	**281.8**

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 Canadian Overnight Repo Rate Average ("CORRA") or Secured Overnight Financing Rate ("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 pursuant to the BC LCFS Credit Purchase Agreement. 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.

Subsequent to the year, on March 26, 2025, with the support of its lenders, Tidewater Midstream made several amendments to the Fifth ARCA. The amendments revised the Tidewater Midstream financial covenant requirements until March 31, 2026, details of which are discussed further in the **Financial Covenants** section of this MD&A. Additionally, in conjunction with the closing of BRC Roadway Sale and the permanent repayment of a portion of the term facility using the proceeds from the sale, the Fifth ARCA was amended to defer the first mandatory quarterly repayment of $5.0 million on the term facility until April 30, 2026.

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. This followed previous extensions of the maturity date from August 18, 2024 to August 30, 2024 and from August 30, 2024 to September 18, 2024 to provide Tidewater Renewables with the necessary time to complete the Transaction.

The Tidewater Renewables Senior Credit Facility consists of a $5 million syndicated facility and a $25 million revolving operating facility. The Senior Credit Facility is subject to a number of customary covenants and restrictions, however, compliance by Tidewater Renewables with its quarterly financial covenants has been waived until September 30, 2025.

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.

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 $33.0 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, 2026. 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 24, 2025, minimum interest of 6.875% for periods between October 25, 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 Canadian Consumer Price Index adjustment factor with a maximum cumulative increase of 4.0% 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 B Facility can be repaid at Tidewater Renewables' option without penalty. As at December 31, 2024, no portion of the second lien credit facility was classified as current on the consolidated financial statements, as Tidewater Renewables was not required to make minimum repayments based on the adjust cash flow calculation.

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

The Tidewater Renewables Second Lien Credit Facility is subordinate to the Senior Credit Facility and is subject to a number of customary covenants and restrictions, however, compliance by Tidewater Renewables with its quarterly financial covenants has been waived until September 30, 2025.

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 2024 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.

Subsequent to the year, on March 26, 2025, with the support of its lenders, Tidewater Renewables made several amendments to both the Tidewater Renewables Senior Credit Facility and Tidewater Renewables Second Lien Credit Facility. The amendments include the increase of the revolving operating facility component of its Senior Credit Facility by $10 million, from $25 million to $35 million, the increase of the Second Lien Tranche C Facility by $10 million, the extension of the Second Lien Credit Facility (Tranche B and Tranche C) from February 28, 2026 to October 24, 2027 and the extension of covenant waivers by two quarters until March 31, 2026.

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. As at December 31, 2024, the Corporation had $30.9 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 December 31, 2024:

	Ratio	December 31, 2024
Deconsolidated debt to adjusted EBITDA	Maximum 4.50:1	3.06
Deconsolidated first lien senior debt to adjusted EBITDA	Maximum 3.50:1	3.06
Adjusted EBITDA to interest coverage	Minimum 2.50:1	4.55

Tidewater Midstream is required to maintain certain deconsolidated financial covenants on a trailing twelve-month 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 December 31, 2024, Tidewater Midstream was in compliance with its financial covenants.

Subsequent to the year, on March 26, 2025, with the support of its lenders, Tidewater Midstream amended the financial covenant requirements within the Fifth ARCA effective January 1, 2025 until March 31, 2026 to increase the first lien senior debt to adjusted EBITDA covenant up to 4.50:1 (from 3.50:1), and decrease the adjusted EBITDA to interest coverage ratio to 1.50:1 (from 2.50:1) during the period.

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.

Subsequent to the year, on March 26, 2025, with the support of its lenders, 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 March 31, 2026, 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 months and years ended December 31, 2024 and 2023:

(in millions of Canadian dollars)	**Three months ended December 31,**		**Year ended December 31,**	
Cash flows provided by (used in)	**2024**	2023	**2024**	2023
Operating activities	**$ 16.9**	$ (5.2)	**$ (33.5)**	$ 137.5
Financing activities	**$ (17.2)**	$ (254.4)	**$ (259.9)**	$ (168.7)
Investing activities	**$ 0.3**	$ 256.1	**$ 293.4**	$ 14.3

Net cash provided by (used in) operating activities

Net cash provided by operating activities was $16.9 million for the three months ended December 31, 2024, compared to cash used in operating activities of $5.2 million for the three months ended December 31, 2023. The increase was primarily due to higher operating income in the quarter and changes in working capital, offset in part by unfavorable changes in realized derivative contracts.

For the year ended December 31, 2024, net cash used in operating activities was $33.5 million, compared to net cash provided by operating activities of $137.5 million for the year ended December 31, 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, offset in part by lower losses on realized derivative contracts in the current year.

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

Net cash used in financing activities

Net cash used in financing activities was $17.2 million for the three months ended December 31, 2024, compared to $254.4 million for the three months ended December 31, 2023. The net cash used in financing activities for the current period was largely related to payments for interest and lease obligations, offset in part by advances on the Tidewater Midstream Senior Credit Facility to finance BC LCFS Credit purchases in connection with the Transaction. The net cash used in financing activities in the comparative period was largely related to repayments on the Tidewater Midstream Senior Credit Facility using proceeds from the Pipestone Transaction.

Net cash used in financing activities was $259.9 million for the year ended December 31, 2024, compared to net cash used in financing activities of $168.7 million for the year ended December 31, 2023. The cash used in financing activities for full year 2024 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, the positive cash flow generated by the HDRD Complex in the first half of 2024, and the repayment of the 2019 Convertible Debentures. The cash used was offset in part by proceeds from the issuance of the 2024 Convertible Debentures. The net cash used in financing activities in the comparative period was largely due to repayments on the Tidewater Midstream Senior Credit Facility and payments for interest and lease obligations.

Net cash provided by investing activities

Net cash provided by investing activities was $0.3 million for the three months ended December 31, 2024, compared to $256.1 million for the three months ended December 31, 2023, primarily due to proceeds received from the Pipestone Transaction during the fourth quarter of 2023, offset in part by lower expenditures on capital projects in the fourth quarter of 2024.

Net cash provided by investing activities was $293.4 million for the year ended December 31, 2024, compared to net cash provided by investing activities of $14.3 million for the year ended December 31, 2023. The change is primarily related to lower capital expenditures in 2024 and changes in working capital, offset in part by lower proceeds from the sale of capital emission credits due to the decline in BC LCFS Credit prices in 2024 as compared to 2023.

CONTRACTUAL LIABILITIES AND COMMITMENTS

The Corporation had the following contractual obligations and commitments, including those recognized as leases, as at December 31, 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)	$ 206.1	$ -	$ -	$ 206.1
Derivative contracts	37.5	3.7	-	41.2
Warrant liabilities	-	0.2	-	0.2
Lease liabilities and other (2)	13.1	15.3	0.9	29.3
Bank debt (3)	15.0	287.7	-	302.7
Second lien debt (3)	-	175.0	-	175.0
Convertible Debentures interest (4)	8.0	28.0	-	36.0
Convertible Debentures repayment (3)	-	100.0	-	100.0
Firm transportation contracts (5)	24.2	80.6	24.6	129.4
Total	**$ 303.9**	**$ 690.5**	**$ 25.5**	**$ 1,019.9**

(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 December 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 March 25, 2025, Tidewater Midstream had the following outstanding common shares, restricted share units ("RSUs"), deferred share units ("DSUs") and options:

(In millions)	
Common shares	431.2
RSUs	20.0
DSUs	0.6
Options	20.0

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 months and year ended December 31, 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 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.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Certain accounting policies require that management make 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 changed circumstances may result in actual results that differ materially from these estimates. The Corporation's use of estimates and judgments in preparing the Financial Statements is discussed in note 2 of the Financial Statements.

ADOPTION OF NEW STANDARDS

On January 1, 2024, Tidewater adopted the amendments to IAS Standards 1 Presentation of Financial Statements as issued by the International Accounting Standards Board ("IASB") that clarify its requirements for the presentation of liabilities as current or non-current in the statement of financial position and specify the classification and disclosure of a liability with covenants. The adoption did not result in a material impact to Tidewater's financial statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026, but are not expected to have a material impact on Tidewater's financial statements.

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18") was issued by the IASB on April 9, 2024. IFRS 18 replaces IAS 1 *Presentation of Financial Statements* and will be applied to annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. IFRS 18 establishes a revised structure for the consolidated statements of net earnings, required disclosures for certain management-defined performance measures, and enhanced requirements for grouping of information in the financial statements. Tidewater is currently assessing the impact of adopting IFRS 18 on the consolidated financial statements.

CONTROL ENVIRONMENT

Disclosure controls and procedures

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"), as defined by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), to provide reasonable assurance that material information relating to the Corporation is made known to them by others, particularly during the period in which the annual filings are being prepared, and information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Corporation's management, including the Chief Executive Officer and Chief Financial Officer, evaluate the effectiveness of the Corporation's DC&P annually.

Internal controls over financial reporting

Tidewater's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting ("ICFR"), as defined by NI 52-109. They have as at the year ended December 31, 2024, designed ICFR or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS. The control framework used by the officers to design the Corporation's ICFR is the Internal Control – *Integrated Framework (2013*) issued by the Committee of Sponsoring Organizations.

Management of the Corporation, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Corporation's DC&P and ICFR as at December 31, 2024. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Corporation's DC&P and ICFR are effective as of the end of the year, in all material respects.

The Corporation’s Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during the most recent period that has materially affected or is reasonably likely to materially affect, the Corporation’s ICFR. No material changes in the ICFR were identified during the period ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Corporation’s ICFR. It should be noted that while the Chief Executive Officer and Chief Financial Officer believe that the Corporation’s design of DC&P and ICFR provide a reasonable level of assurance that they are effective, they do not expect that the control system will prevent all errors and fraud. A control system, no matter how well conceived or operated, does not provide absolute assurance, but rather is designed to provide reasonable assurance that the objective of the control system is met. The Corporation’s ICFR and DC&P may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Corporation’s policies and procedures.

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 December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Net loss	**$ (3.5)**	$ (338.6)	**$ (18.8)**	$ (399.2)
Deferred income tax recovery	**(1.6)**	(33.2)	**(1.6)**	(51.0)
Depreciation	**24.8**	26.3	**90.5**	96.8
Finance costs and other	**21.5**	26.6	**81.5**	99.9
Share-based compensation	**0.4**	2.2	**5.0**	13.9
Impairment (recovery) expense	**(24.3)**	417.6	**(19.7)**	417.6
Loss (gain) on sale of assets	**1.9**	(112.1)	**1.0**	(110.8)
Unrealized (gain) loss on derivative contracts	**(1.9)**	8.6	**(17.9)**	52.8
Unrealized gain on marketable securities	**-**	(5.9)	**-**	(5.9)
Realized gain on marketable securities	**-**	-	**(5.0)**	-
Transaction costs	**0.4**	9.1	**4.7**	13.6
Non-recurring transactions	**3.2**	7.1	**14.8**	16.7
Other non-cash expenses	**-**	6.4	**-**	6.4
Adjustment to share of profit from equity accounted investments	**(0.9)**	7.3	**(0.2)**	12.1
Consolidated adjusted EBITDA	**$ 20.0**	$ 21.4	**$ 134.3**	$ 162.9
Less: Consolidated adjusted EBITDA attributable to Tidewater Renewables	**(6.0)**	(10.7)	**(74.5)**	(45.9)
Deconsolidated adjusted EBITDA	**$ 14.0**	$ 10.7	**$ 59.8**	$ 117.0

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 December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Net cash provided by (used in) operating activities	**$ 16.9**	$ (5.2)	**$ (33.5)**	$ 137.5
Add (deduct):				
Changes in non-cash operating working capital	**(8.5)**	0.7	**134.0**	(37.3)
Transaction costs	**0.4**	9.1	**4.7**	13.6
Non-recurring transactions	**3.2**	7.1	**14.8**	16.7
Interest and financing charges	**(13.9)**	(20.8)	**(52.8)**	(70.9)
Payment of lease liabilities and other, net of sublease payments	**(8.6)**	(11.7)	**(36.4)**	(47.0)
Maintenance capital	**(4.0)**	(14.5)	**(23.8)**	(76.0)
Tidewater Renewables' distributable cash flow to non-controlling interest shareholders	**2.8**	(0.7)	**(10.1)**	(0.9)
Distributable cash flow attributable to shareholders	**$ (11.7)**	$ (36.0)	**$ (3.1)**	$ (64.3)
Tidewater Renewables' distributable cash flow attributed to shareholders of Tidewater	**$ 5.1**	$ (1.4)	**$ (19.6)**	$ (1.8)
Deconsolidated distributable cash flow attributable to shareholders	**$ (6.6)**	$ (37.4)	**$ (22.7)**	$ (66.1)

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 December 31, **2024**	Three months ended December 31, 2023	Year ended December 31, **2024**	Year ended December 31, 2023
Distributable cash flow attributable to shareholders	**$ (11.7)**	$ (36.0)	**$ (3.1)**	$ (64.3)
Deconsolidated distributable cash flow attributable to shareholders	**$ (6.6)**	$ (37.4)	**$ (22.7)**	$ (66.1)
Weighted average common shares outstanding – Basic and diluted (millions)	**430.5**	427.1	**429.5**	425.4
Distributable cash flow per share – basic and diluted	**$ (0.03)**	$ (0.08)	**$ (0.01)**	$ (0.15)
Deconsolidated distributable cash flow per share – basic and diluted	**$ (0.02)**	$ (0.09)	**$ (0.05)**	$ (0.16)

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 25 of the Financial Statements for the year ended December 31, 2024.

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)		**December 31, 2024**		December 31, 2023
Tidewater Midstream Senior Credit Facility	**$**	**281.8**	$	322.3
Tidewater Renewables Senior Credit Facility		**20.9**		171.8
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)**		(0.1)
Consolidated net debt	**$**	**577.6**	$	744.0
Less: Tidewater Renewables Senior Credit Facility		**(20.9)**		(171.8)
Less: Tidewater Renewables Second Lien Credit Facility		**(175.0)**		(175.0)
Add: Tidewater Renewables cash		**0.1**		0.1
Deconsolidated net debt	**$**	**381.8**	$	397.3

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" means, collectively, prior to January 1, 2024, BC's Greenhouse Gas Reduction (Renewable & Low Carbon Fuel Requirements) Act and the Renewable & Low Carbon Fuel Requirements Regulation, introduced to reduce the carbon intensity of fuels used in the province, and on and after January 1, 2024, BC's Low Carbon Fuels Act, the Low Carbon Fuels (General) Regulation and the Low Carbon Fuels (Technical) Regulation;

"BC LCFS Credits" means the credits awarded to BC Part 3 Fuel Suppliers by either (i) supplying a fuel with a carbon intensity below the prescribed carbon intensity 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 LCFS Credits are tradable certificates and can be bought and sold in a market to help companies meet their regulatory obligations. The purpose of these credits is to incentivize the use of cleaner, low-carbon fuels and to help reduce the overall greenhouse gas emissions in the transportation sector.

"BC Part 3 Fuel Suppliers" means, prior to January 1, 2024, a "part 3 fuel supplier" under the BC LCFS, and on and after January 1, 2024, a person who markets fuel in BC under Part 2 of the Low Carbon Fuels Act.

"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.

"utilization" or "utilization rate" means the throughput of a facility or unit divided by its design capacity.

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 the timing and effect of the Complaint and Investigation, including the imposition of duties on U.S. renewable diesel imports;
- purchases of BC LCFS Credits under the BC LCFS Credit Purchase Agreement;
- the receipt of the balance of the total proceeds from the sale of Tidewater Renewables' interest in RNG LP;
- the expected effect of the Amendments on the emissions credit markets and the broader Canadian biofuels industry;
- the sale of the BRC Roadway network, including the receipt of the balance of the total proceeds from the sale, the expected timing of closing and the use of proceeds therefrom;
- the effect of the amendments to the Fifth ARCA and Tidewater Renewables' Senior Credit Facility and Second Lien Credit Facility on the Corporation's and Tidewater Renewables' financial flexibility;
- expectations regarding future opportunities for natural gas processing;
- the challenges faced by the Corporation due to negative emission credit and short term AECO natural gas pricing pressure, and producers shutting in production;
- the ongoing development of the SAF project including the expected production of SAF, the receipt of capital emissions credits, the negotiation of offtake agreements and the expected timing of a final investment decision thereof;
- ongoing discussions with the Governments of Canada and British Columbia regarding emission credit markets and the regulation of the renewable fuels industry more generally;
- Tidewater's view of the BC LCFS Credit market;
- Tidewater's view of the renewable diesel market;
- the Corporation's pursuit of competitive fairness in the renewable diesel industry;
- the Corporation's exploration of strategic options if the condition of the emissions credit market does not improve;
- Tidewater Renewables' efforts to optimize its asset portfolio, enhance liquidity and strengthen its balance sheet;
- marketing efforts regarding the Corporation's products;
- 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 Offtake Agreement;
- supply and demand for products and services;
- the effect of selling additional gasoline and diesel volumes on the spot gasoline and diesel markets and geographic markets other than Western Canada;
- the amount of feedstock volume hedged at the HDRD Complex;
- expected throughput and utilization, including causes of variances thereof;
- requirements to adhere to increasingly stringent carbon intensity reduction targets pursuant to regulations put in place by various levels of government in Canada and the U.S. and the effect on obligated parties' operations and the market conditions from emissions credits;
- natural gas pricing expectations;
- expectations regarding producer activity;
- the resumption of operations at the Ram River Gas Plant;
- expectations for the Corporation's capital program for 2025;
- Tidewater's expectations regarding taxable income;
- Tidewater's primary liquidity and capital resource needs;

- expectations regarding the sufficiency of net cash provided by operating activities, cash available from Senior Credit Facilities, proceeds from the sale of BC LCFS Credits and other sources of financing to meet the Corporation's obligations and financial commitments and fund anticipated capital expenditures;
- potential pressure on the Corporation's liquidity and compliance with the financial covenants on its Senior Credit Facilities;
- 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;
- repayments on the term facility under the Fifth ARCA;
- requirements for the Corporation to maintain certain financial covenants;
- the fluctuation in the fair value of derivative contracts;
- 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;
- the Corporation's use of risk management strategies and policies, including the evaluation of counterparty credit risk;
- 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;
- the Corporation's use of financial derivative contracts to manage commodity price, power, interest and foreign exchange risk; and
- the Corporation's use of letters of credit.

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 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 and HDRD Complex 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;
- the Corporation's future debt levels and the ability of the Corporation to repay its debt when due; and
- the other assumptions set forth in the Corporation's most recent annual information form available under the Corporation's profile on SEDAR+ at www.sedarplus.ca

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, trade disruptions, diplomatic developments and inflationary pressures;
- the potential insufficiency of liquidity sources for 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 imposition of tariffs and the corresponding impact on producer activity and the supply and demand for Tidewater's products;
- 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 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 occur, 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 the Corporation's capital program 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.