



TIDEWATER
Midstream and Infrastructure Ltd.

Condensed Interim Consolidated Financial Statements

For the three month period ended March 31, 2024

Tidewater Midstream and Infrastructure Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited, millions of Canadian dollars)

As at	Notes	March 31, 2024	December 31, 2023
Assets			
Current			
Cash and cash equivalents		\$ 12.3	\$ 0.1
Accounts receivable		191.3	147.8
Derivative contracts		3.3	3.0
Inventory and emission credits	3	121.7	98.1
Prepaid expenses and other		24.1	18.1
Investments	4	-	336.6
Total current assets		352.7	603.7
Derivative contracts		2.5	1.0
Prepaid expenses and other		5.2	4.6
Investments		35.9	34.8
Right-of-use assets		37.9	46.9
Inventory	3	35.3	35.0
Property, plant and equipment	5	849.6	877.6
Total assets		\$ 1,319.1	\$ 1,603.6
Liabilities			
Current			
Accounts payable, accrued liabilities and provisions	6	\$ 315.8	\$ 360.7
Derivative contracts		34.7	31.0
Warrant liability		2.7	3.2
Bank debt	7	143.2	395.5
Term debt	8	24.5	24.5
Convertible debentures	9	73.8	73.3
Lease liabilities and other		29.9	36.5
Total current liabilities		624.6	924.7
Bank debt	7	113.0	89.8
Term debt	8	133.8	132.5
Derivative contracts		21.2	21.3
Decommissioning obligations		80.1	77.9
Lease liabilities and other		14.7	16.9
Total liabilities		987.4	1,263.1
Equity			
Attributable to shareholders		300.4	310.8
Attributable to non-controlling interest		31.3	29.7
Total equity		331.7	340.5
Total liabilities and equity		\$ 1,319.1	\$ 1,603.6

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Midstream and Infrastructure Ltd.
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

(Unaudited, millions of Canadian dollars, except per share information)

	Notes	Three months ended March 31, 2024		Three months ended March 31, 2023	
Revenue	11	\$	439.5	\$	614.5
Operating expenses	11		387.0		563.2
Gross margin			52.5		51.3
General and administrative			7.6		11.2
Share-based compensation			2.8		4.0
Depreciation			23.2		21.9
Operating income			18.9		14.2
Finance costs and other	12		21.6		24.1
Realized loss (gain) on derivative contracts			10.4		(7.2)
Unrealized loss on derivative contracts			1.4		34.5
Realized gain on marketable securities	4		(5.0)		-
Loss on sale of assets			-		2.0
(Income) loss from equity investments			(1.1)		0.4
Transaction costs			1.3		0.4
Loss before income tax			(9.7)		(40.0)
Deferred income tax recovery			-		(9.0)
Net loss and comprehensive loss		\$	(9.7)	\$	(31.0)
Net (loss) income and comprehensive					
(loss) income attributable to:					
Shareholders			(11.3)		(24.8)
Non-controlling interest			1.6		(6.2)
Net loss and comprehensive loss		\$	(9.7)	\$	(31.0)
Net loss per share attributable					
to shareholders:					
Basic	10(c)	\$	(0.03)	\$	(0.06)
Diluted	10(c)	\$	(0.03)	\$	(0.06)

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Midstream and Infrastructure Ltd.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited, millions of Canadian dollars)

	Attributable to Shareholders of the Corporation							
	Share capital	Employee share reserve	Convertible debentures	Retained earnings (deficit)	Non-controlling interest	Total Equity		
Balance, January 1, 2024	\$ 540.8	\$ 18.0	\$ 4.9	\$ (252.9)	\$ 29.7	\$ 340.5		
Net (loss) income	-	-	-	(11.3)	1.6	(9.7)		
Issuance of common shares	0.7	(0.7)	-	-	-	-		
Share issue costs (net of tax)	(0.4)	-	-	-	-	(0.4)		
Share-based compensation	-	1.3	-	-	-	1.3		
Balance, March 31, 2024	\$ 541.1	\$ 18.6	\$ 4.9	\$ (264.2)	\$ 31.3	\$ 331.7		
Balance, January 1, 2023	\$ 537.6	\$ 15.0	\$ 4.9	\$ 145.8	\$ 43.0	\$ 746.3		
Net loss	-	-	-	(24.8)	(6.2)	(31.0)		
Issuance of common shares	0.3	(0.3)	-	-	-	-		
Share-based compensation	-	2.5	-	-	-	2.5		
Dividends declared	-	-	-	(4.2)	-	(4.2)		
Balance, March 31, 2023	\$ 537.9	\$ 17.2	\$ 4.9	\$ 116.8	\$ 36.8	\$ 713.6		

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Midstream and Infrastructure Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, millions of Canadian dollars)

	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
Cash provided by (used in):			
Operating activities			
Net loss		\$ (9.7)	\$ (31.0)
Adjustments:			
Non-cash share-based compensation		1.3	2.5
Depreciation		23.2	21.9
Interest and finance charges	12	14.1	14.9
Accretion and other	12	5.9	6.8
Unrealized loss on foreign exchange		0.6	-
Unrealized loss on derivative contracts		1.4	34.5
Realized gain on marketable securities	4	(5.0)	-
Loss on sale of assets		-	2.0
(Income) loss from equity investments		(1.1)	0.4
Deferred income tax recovery		-	(9.0)
Decommissioning costs incurred		-	(0.6)
Changes in non-cash operating working capital		(60.0)	(5.3)
Net cash (used in) provided by operating activities		(29.3)	37.1
Financing activities			
(Repayment) advances of bank debt		(230.5)	77.2
Payment of lease liabilities and other		(10.6)	(12.5)
Interest and financing charges paid		(14.0)	(12.5)
Net proceeds from common share issuance		(0.4)	-
Payment of dividends		-	(4.2)
Net cash (used in) provided by financing activities		(255.5)	48.0
Investing activities			
Expenditures on property, plant and equipment	5	(8.1)	(106.1)
Proceeds from capital emission credit sales	3	2.3	18.7
Receipt of government grant		-	2.6
Cash proceeds from sales of assets		341.6	6.1
Changes in non-cash investing working capital		(38.8)	(20.9)
Net cash provided by (used in) investing activities		297.0	(99.6)
Increase (decrease) in cash and cash equivalents		12.2	(14.5)
Cash and cash equivalents, beginning of period		0.1	17.0
Cash and cash equivalents, end of period		\$ 12.3	\$ 2.5

See the accompanying notes to the condensed interim consolidated financial statements

Tidewater Midstream and Infrastructure Ltd.

Notes to the Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

1. REPORTING ENTITY

Tidewater Midstream and Infrastructure Ltd. ("Tidewater" or the "Corporation" when referring to the consolidated group, and "Tidewater Midstream" when referring to the legal entity) is a diversified midstream and infrastructure company with an integrated value chain across the North American natural gas processing, natural gas liquids ("NGL"), and petroleum refining and renewables markets. Tidewater's common shares are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "TWM". The Corporation's principal place of business is Suite 900, 222 – 3rd Ave SW, Calgary, Alberta, Canada, T2P 0B4.

As at March 31, 2024 and December 31, 2023, Tidewater Midstream owned 23.9 million common shares of Tidewater Renewables Ltd. ("Tidewater Renewables"), representing approximately 69% of Tidewater Renewables' issued and outstanding common shares. Tidewater Renewables is a multi-faceted, energy transition company focusing on the production of low carbon fuels, and is publicly traded on the TSX under the symbol "LCFS".

These condensed interim consolidated financial statements ("Interim Financial Statements") include the results of Tidewater Midstream, its subsidiary companies, partnerships and joint arrangements as at and for the three months ended March 31, 2024.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These Interim Financial Statements are in compliance with IAS 34 "Interim Financial Reporting", as issued by the International Accounting Standards Board. The accounting policies applied are in accordance with International Financial Reporting Standards ("IFRS"), are consistent with the Corporation's consolidated financial statements as at and for the year ended December 31, 2023 ("Consolidated Financial Statements") and should be read in conjunction with those Consolidated Financial Statements. The Interim Financial Statements were approved and authorized for issuance by Tidewater's Board of Directors on May 8, 2024.

3. INVENTORY AND EMISSION CREDITS

The following table summarizes the Corporation's inventory and emission credits:

	March 31, 2024	December 31, 2023
Feedstocks	\$ 31.2	\$ 43.0
Refined products	31.0	27.4
Materials and supplies	9.2	7.8
Marketing inventory	29.7	4.3
Operating emission credits	20.6	15.6
Total current inventory	121.7	98.1
Long-term inventory	35.3	35.0
Total inventory	\$ 157.0	\$ 133.1

During the three months ended March 31, 2024, Tidewater Renewables generated \$20.7 million (March 31, 2023 - \$2.0 million) of capital emission credits for achieving construction and engineering milestones on its HDRD Complex and its proposed sustainable aviation fuel facility. During the three months ended March 31, 2024, Tidewater sold capital emission credits to third parties for cash proceeds of \$2.3 million (March 31, 2023 - \$18.7 million) and utilized \$18.4 million (March 31, 2023 - \$4.6 million) of capital emission credits to reduce the Corporation's emissions liability.

At March 31, 2024 and December 31, 2023, all inventory and operating emission credits were carried at cost and \$NIL was carried at net realizable value.

Tidewater Midstream and Infrastructure Ltd.

Notes to the Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

4. INVESTMENTS

On January 9, 2024, Tidewater sold 12,466,437 AltaGas Ltd. ("AltaGas") common shares for cash proceeds of \$341.6 million. The Corporation recognized a gain of \$5.0 million on this sale.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	Plant and infrastructure	Assets under construction	Total
Cost			
Balance, January 1, 2023	\$ 1,551.8	\$ 282.8	\$ 1,834.6
Additions	-	301.7	301.7
Capital emission credits awarded	-	(82.7)	(82.7)
Receipt of government grant	-	(2.6)	(2.6)
Completed projects	427.7	(427.7)	-
Disposals	(43.9)	-	(43.9)
Sale of Pipestone assets	(471.9)	(37.9)	(509.8)
Decommissioning asset	41.7	-	41.7
Balance, December 31, 2023	\$ 1,505.4	\$ 33.6	\$ 1,539.0
Additions	-	8.1	8.1
Capital emission credits awarded	(18.3)	(2.4)	(20.7)
Completed projects	7.5	(7.5)	-
Decommissioning asset	(0.4)	-	(0.4)
Balance, March 31, 2024	\$ 1,494.2	\$ 31.8	\$ 1,526.0
Accumulated Depreciation and Impairment			
Balance, January 1, 2023	\$ 263.8	\$ -	\$ 263.8
Depreciation	64.4	-	64.4
Impairment	405.4	-	405.4
Disposals	(38.2)	-	(38.2)
Sale of Pipestone assets	(34.0)	-	(34.0)
Balance, December 31, 2023	\$ 661.4	\$ -	\$ 661.4
Depreciation	15.0	-	15.0
Balance, March 31, 2024	\$ 676.4	\$ -	\$ 676.4
Net book value			
December 31, 2023	\$ 844.0	\$ 33.6	\$ 877.6
March 31, 2024	\$ 817.8	\$ 31.8	\$ 849.6

6. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

	March 31, 2024	December 31, 2023
Trade and accrued payables	\$ 243.8	\$ 258.8
Deferred revenue	10.2	0.8
Interest payable	5.8	6.3
Emission liabilities and provisions	8.0	46.8
Secured liability	24.8	24.8
Government grant	16.2	16.2
Current portion of decommissioning obligation	7.0	7.0
Total accounts payable, accrued liabilities and provisions	\$ 315.8	\$ 360.7

Tidewater Midstream and Infrastructure Ltd.

Notes to the Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

7. BANK DEBT

The following table summarizes the Corporation's bank debt:

	March 31, 2024	December 31, 2023
Tidewater Midstream Senior Credit Facility	\$ 119.4	\$ 322.3
Tidewater Renewables Senior Credit Facility	144.0	171.8
Financing costs	(7.2)	(8.8)
Total bank debt	\$ 256.2	\$ 485.3
Current portion of bank debt, net of financing costs	143.2	395.5
Long-term portion of bank debt, net of financing costs	113.0	89.8

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 Senior Credit Facilities 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

On January 10, 2024, Tidewater Midstream fully repaid the \$225.0 million of term debt drawn under its Senior Credit Facility with proceeds from the monetization of the AltaGas common shares (note 4). At March 31, 2024, total aggregate availability under the Tidewater Midstream Senior Credit Facility was \$150.0 million, with a maturity on February 10, 2026.

Tidewater Midstream is required to maintain certain deconsolidated financial covenants on an annualized basis. The calculations for each of these ratios are based on specific definitions in the Senior Credit Facility, are not in accordance with GAAP, and cannot be directly calculated by referring to the Corporation's consolidated financial statements. At March 31, 2024, Tidewater Midstream was in compliance with its financial covenants.

Tidewater Midstream's deconsolidated financial covenants as at March 31, 2024 and December 31, 2023, were as follows:

	Ratio	March 31, 2024	December 31, 2023
Deconsolidated debt to adjusted EBITDA ⁽¹⁾	Maximum 4.50:1	2.05	2.86
Deconsolidated first lien senior debt ⁽²⁾ to adjusted EBITDA	Maximum 3.50:1	2.05	2.86
Adjusted EBITDA to interest coverage	Minimum 2.50:1	4.13	2.58

(1) Deconsolidated debt includes the syndicated and operating facilities under the Tidewater Midstream Senior Credit Facility and excludes the Tidewater Renewables Senior Credit Facility, Term Debt Facility, and convertible debentures.

(2) Deconsolidated first lien senior debt includes the syndicated and operating facilities under the Tidewater Midstream Senior Credit Facility and excludes the Tidewater Renewables Senior Credit Facility, Term Debt Facility, and convertible debentures.

At March 31, 2024, Tidewater Midstream had \$48.7 million (December 31, 2023 - \$117.8 million) of letters of credit outstanding, which operate under a separate facility.

Tidewater Renewables

At March 31, 2024, total aggregate availability under the Tidewater Renewables Senior Credit Facility was \$175.0 million, with a maturity on August 18, 2024.

Tidewater Renewables is required to maintain certain quarterly financial covenants on an annualized basis. The annualization basis is calculated on year-to-date 2024 results. The calculations for each of the financial covenants are based on specific definitions in the agreements governing Tidewater Renewable's Senior Credit Facility and Term Debt Facility (note 8), are not in accordance with GAAP, and cannot be directly calculated by referring to Tidewater

Tidewater Midstream and Infrastructure Ltd.

Notes to the Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

Renewables' consolidated financial statements. At March 31, 2024, Tidewater Renewables was in compliance with its financial covenants.

	Ratio	March 31, 2024
Senior debt ⁽¹⁾ to adjusted EBITDA	Maximum 4.00:1	3.34
First lien senior debt ⁽²⁾ to adjusted EBITDA	Maximum 3.00:1	1.44
Adjusted EBITDA to interest coverage	Minimum 2.50:1	2.62

(1) Senior debt includes the Tidewater Renewables Senior Credit Facility and Term Debt Facility.

(2) First lien senior debt includes the Tidewater Renewables Senior Credit Facility and excludes the Term Debt Facility.

At March 31, 2024, Tidewater Renewables had \$8.1 million (December 31, 2023 - \$8.1 million) of letters of credit outstanding, which operate under a separate facility.

8. TERM DEBT

The following table summarizes Tidewater Renewables' term debt:

	March 31, 2024	December 31, 2023
Term Debt Facility	\$ 175.0	\$ 175.0
Discount ⁽¹⁾	(16.7)	(18.0)
Total term debt	\$ 158.3	\$ 157.0
Current portion of term debt, net of discount	24.5	24.5
Long-term portion of term debt, net of discount	133.8	132.5

(1) Includes the original issue discount, debt issuance costs and the fair value of the warrant liability upon issuance, net of accretion.

The Term Debt Facility is subordinated to and is subject to the same financial covenants as Tidewater Renewables' Senior Credit Facility, as described in note 7.

9. CONVERTIBLE DEBENTURES

The following table summarizes the Corporation's convertible debentures:

	Number of convertible debentures (000s)	Liability component	Equity component
Balance, January 1, 2023	750	\$ 71.2	\$ 4.9
Unwinding of discount	-	2.1	-
Balance, December 31, 2023	750	\$ 73.3	\$ 4.9
Unwinding of discount	-	0.5	-
Balance, March 31, 2024	750	\$ 73.8	\$ 4.9

The convertible debentures mature on September 30, 2024 and accrue interest at the rate of 5.5% per annum, payable semi-annually.

Tidewater Midstream and Infrastructure Ltd.

Notes to the Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Tabular amounts stated in millions of Canadian dollars, except as noted)

10. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

a) Issued and outstanding common shares

As at March 31, 2024, Tidewater had 428.6 million of common shares outstanding with a carrying value of \$541.1 million (December 31, 2023 - 427.8 million outstanding common shares with a carrying value of \$540.8 million).

b) Issued and outstanding equity warrants

As at March 31, 2024 and December 31, 2023, Tidewater had 40.1 million equity warrants outstanding and all equity warrants are exercisable, with 38.6 million equity warrants expiring on August 16, 2024, and 1.5 million equity warrants expiring on September 16, 2024.

c) Net loss per share

	Three months ended March 31, 2024			Three months ended March 31, 2023		
	Net loss	Common shares (millions)	Net loss per share	Net loss	Common shares (millions)	Net loss per share
Net loss attributable to shareholders – basic and diluted	\$ (11.3)	428.2	\$ (0.03)	\$ (24.8)	424.6	\$ (0.06)

For the three months ended March 31, 2024, 14.5 million share awards (March 31, 2023 - 24.4 million), 40.1 million shares relating to equity warrants (March 31, 2023 – 40.1 million), and 92.9 million shares related to convertible debentures (March 31, 2023 – 87.7 million) were anti-dilutive.

11. REVENUE AND OPERATING EXPENSES

For the three months ended March 31, 2024 and 2023, the Corporation had one vertically integrated operating segment: midstream and infrastructure, as the chief operating decision maker reviews operating results at this level to assess financial performance and make resource allocation decisions. The midstream and infrastructure operating segment includes the following revenue categories: midstream; downstream; and marketing and other. Amounts disclosed below do not include realized or unrealized gains and losses on derivative contracts resulting from the Corporation's commodity price risk management initiatives.

Three months ended March 31, 2024	Midstream	Downstream	Marketing and other	Total
Revenue (before intercompany eliminations)	\$ 41.4	\$ 296.8	\$ 150.4	\$ 488.6
Intercompany eliminations	(7.5)	(34.5)	(7.1)	(49.1)
Revenue from external customers	\$ 33.9	\$ 262.3	\$ 143.3	\$ 439.5
Operating expenses (before intercompany eliminations)	\$ 29.2	\$ 254.0	\$ 152.9	\$ 436.1
Intercompany eliminations	(2.4)	(32.9)	(13.8)	(49.1)
Operating expenses from external vendors	\$ 26.8	\$ 221.1	\$ 139.1	\$ 387.0
Gross Margin	\$ 7.1	\$ 41.2	\$ 4.2	\$ 52.5

Tidewater Midstream and Infrastructure Ltd.

Notes to the Interim Financial Statements

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(Tabular amounts stated in millions of Canadian dollars, except as noted)

Three months ended March 31, 2023	Midstream	Downstream	Marketing and other	Total
Revenue (before intercompany eliminations)	\$ 68.2	\$ 258.4	\$ 383.0	\$ 709.6
Intercompany eliminations	(8.6)	(47.7)	(38.8)	(95.1)
Revenue from external customers	\$ 59.6	\$ 210.7	\$ 344.2	\$ 614.5
Operating expenses (before intercompany eliminations)	\$ 32.4	\$ 222.1	\$ 403.8	\$ 658.3
Intercompany eliminations	(2.5)	(38.3)	(54.3)	(95.1)
Operating expenses from external vendors	\$ 29.9	\$ 183.8	\$ 349.5	\$ 563.2
Gross Margin	\$ 29.7	\$ 26.9	\$ (5.3)	\$ 51.3

12. FINANCE COSTS AND OTHER

Finance costs and other are comprised of the following:

	Three months ended March 31	
	2024	2023
Interest on bank debt, term debt and convertible debentures	\$ 14.1	\$ 17.2
Interest capitalized	-	(2.3)
Total interest expense	14.1	14.9
Foreign exchange loss	1.6	2.4
Total finance costs and other before accretion	\$ 15.7	\$ 17.3
Unwinding of discount on decommissioning obligations	1.8	0.8
Unwinding of discount on long term debt	3.1	2.3
Unwinding of discount on lease liabilities	1.1	3.9
Other	(0.1)	(0.2)
Total accretion	5.9	6.8
Total finance costs and other	\$ 21.6	\$ 24.1

13. COMMITMENTS

In addition to the commitments disclosed elsewhere in the Interim Financial Statements, the Corporation has assumed commitments in various transportation and term purchase agreements through its normal course of operations. The estimated annual minimum payments are presented below, gross of any anticipated flow-through operating cost recoveries from customers.

	Within one year	After one year but not more than five years ⁽¹⁾	More than five years	Total
Purchase obligations	\$ 13.1	\$ -	\$ -	\$ 13.1
Firm transportation contracts	\$ 24.2	\$ 94.6	\$ 24.9	\$ 143.7

14. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure sufficient financial flexibility to achieve ongoing business objectives, including funding future investment and growth opportunities and financial obligations, and maximizing shareholder returns.

The Corporation considers its capital employed to be bank debt, term debt, convertible debentures and shareholders' equity. The Corporation makes adjustments to capital employed by monitoring economic conditions and investment opportunities. The Corporation generally relies on credit facilities and cash flows from operations in excess of interest to fund capital requirements. To maintain or modify its capital structure, the Corporation may issue new common or preferred shares, issue new subordinated debt, renegotiate existing debt terms, or repay existing debt. The Corporation is not currently subject to any externally imposed capital requirements, other than covenants (note 7) on its bank debt and term debt.

The Corporation also monitors its capital structure based on consolidated net debt to adjusted EBITDA. This metric measures the Corporation's financial leverage. Consolidated net debt is defined as bank debt, term debt and convertible debentures, less cash and cash equivalents. The definition of adjusted EBITDA for capital management purposes is the same measure used in the calculation of Tidewater Midstream's financial covenants on its Senior Credit Facility (note 7).

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**a) Fair value of financial instruments**

At March 31, 2024, the fair value of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and provisions approximated their carrying value due to their short-term maturity. The carrying value of the outstanding bank debt and term debt approximated fair value due to the use of floating interest rates.

At March 31, 2024, the fair value of the Corporation's convertible debentures was \$74.2 million using quoted market prices on the TSX.

b) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Corporation's accounts receivable, and from financial counterparties holding cash, cash equivalents and derivative contracts. Cash consists of amounts on deposit with Canadian chartered banks. The Corporation manages credit exposure of cash and cash equivalents by selecting financial institutions with high credit ratings.

The Corporation assesses lifetime expected credit losses for accounts receivable using historical default rates, aged accounts receivable analysis, and forward-looking information to determine the appropriate expected credit losses. At March 31, 2024, lifetime expected credit losses for accounts receivable outstanding were \$1.9 million (December 31, 2023 - \$1.9 million).

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(Tabular amounts stated in millions of Canadian dollars, except as noted)

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through ongoing capital management. Management's assessment of its liquidity reflects estimates, assumptions and judgements relating to current market conditions.

Tidewater Midstream

Tidewater Midstream's ability to obtain additional financing, or refinance existing obligations, will depend on the Corporation's operating performance and the condition of the capital markets. Circumstances related to rising interest rates, inflation, and other factors can cause disruption in the capital markets, which could make financing or refinancing more difficult and/or expensive, and the Corporation may not be able to obtain such financing or refinancing.

Tidewater Midstream's \$75.0 million convertible debentures mature on September 30, 2024. Any refinancing of the convertible debentures may be at higher interest rates, less favourable terms, require compliance with more onerous covenants, or result in dilution of shareholders.

Tidewater Renewables

The Tidewater Renewables' Senior Credit Facility (note 7) and the \$25.0 million of additional debt capacity under the Term Debt Facility (note 8) have a maturity date of August 18, 2024. The additional debt capacity will be extended to a maximum of August 18, 2025, in the event of an extension of the Tidewater Renewables Senior Credit Facility. In the event that the Senior Credit Facility is not extended, alternative sources of funding will be necessary. There can be no assurances that Tidewater Renewables' Senior Credit Facility will be extended beyond the August 18, 2024, maturity date.

Uncertainties due to economic factors, or unanticipated operational issues, may cause liquidity risk for Tidewater Renewables. Management of Tidewater Renewables believes that it has access to sufficient capital through its working capital, contracted take-or-pay cash flows, and external sources such as bank credit markets and equity financing, if required, to meet its obligations and financial commitments as they come due. Any equity financing may result in dilution to Tidewater Midstream's 69% ownership interest in Tidewater Renewables.

Contractual maturities

The following table details the contractual maturities of the Corporation's financial liabilities as at March 31, 2024 and December 31, 2023:

	March 31, 2024		December 31, 2023	
	Less than one year	Greater than one year	Less than one year	Greater than one year
Accounts payable, accrued liabilities and provisions ⁽¹⁾	\$ 315.8	\$ -	\$ 342.2	\$ -
Derivative contracts	34.7	21.2	31.0	21.3
Warrant liability	2.7	-	3.2	-
Lease liabilities and other ⁽²⁾	30.7	17.7	37.5	20.4
Bank debt ⁽³⁾	144.0	119.4	396.8	97.3
Term debt ⁽³⁾	25.0	150.0	25.0	150.0
Convertible debentures ⁽³⁾	75.0	-	75.0	-
Total financial liabilities	\$ 627.9	\$ 308.3	\$ 910.7	\$ 289.0

(1) Amounts at December 31, 2023 excludes provisions of \$18.5 million settled in the first quarter of 2024.

(2) Amounts represent the expected undiscounted cash payments related to leases.

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

d) Market risk

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates and interest rates, will affect the Corporation's cash flow, income, or the value of its financial instruments. The objective of the Corporation's market risk management program is to manage and control market risk exposures within acceptable parameters, while maximizing the Corporation's return.

Interest rate risk

Interest rate risk refers to the risk that the value of the financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. The Corporation may use forward interest rate swaps to hedge the interest rate associated with interest payments occurring as a result of its bank debt.

At March 31, 2024, the Corporation had variable rate bank debt (note 7) totalling \$263.4 million. A 1% change in the interest rates on bank debt would have an after-tax impact on net loss of approximately \$0.5 million for the three months ended March 31, 2024.

Foreign currency exchange rate risk

Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Corporation's foreign currency risk arises from certain working capital balances denominated in United States Dollars (USD). As at March 31, 2024, net working capital and derivative contract balances denominated in USD were \$48.9 million. A 5% change in foreign exchange rates between the USD and the Canadian Dollar would have an after-tax impact on net loss of approximately \$2.5 million for the three months ended March 31, 2024.

Commodity price risk

Commodity price risk is the risk that the fair value of a commodity derivative will fluctuate because of changes in market prices. In the normal course of operations, the Corporation purchases and sells various commodities and uses derivatives to protect its revenue and operating costs from price fluctuations. The Corporation is subject to price risk through these derivative contract assets and liabilities. A 10% change in prices for the underlying commodities, related to the Corporation's derivative contracts, would have an after-tax impact on net loss of \$7.3 million for the three months ended March 31, 2024.