



TIDEWATER RENEWABLES LTD. ENTERS INTO STRATEGIC RENEWABLE NATURAL GAS AND FEEDSTOCK PARTNERSHIP AND PROVIDES OPERATIONAL UPDATE

CALGARY, April 4, 2022 – Tidewater Renewables Ltd. (“**Tidewater Renewables**” or the “**Corporation**”) (TSX: LCFS) is pleased to announce that it has entered into a strategic renewable natural gas (“**RNG**”) and feedstock partnership (the “**Partnership**”) with Rimrock RNG Inc. (“**Rimrock**”), and Rimrock Cattle Company Ltd. (“**RCC**”). RCC and its affiliates are one of the largest cattle feeding operations in North America. The Partnership will secure feedstock supply for both Tidewater Renewables’ RNG and Renewable Diesel business units, while also accelerating the diversification of the Corporation’s low carbon intensity fuels product offering. The Partnership will provide a material addition to Tidewater Renewables’ RNG production capabilities and is expected to be secured by 10 to 20-year offtake agreements with investment grade counterparties.

Feedlot Inventory and Feedstock Ownership Partnership

The Partnership creates alignment between Rimrock and Tidewater Renewables, secures feedstock supply for Tidewater Renewables and allows each party to focus on their core competencies to build and advance RNG projects. Tidewater Renewables will invest \$30 million in exchange for a 50% ownership of RCC, including its associated cattle feeding operations (“**Feedlot Infrastructure**”) and cattle inventory. The \$30 million investment will be paid for in four (4) equal quarterly instalments with the first instalment beginning in April 2022. RCC has existing Feedlot Infrastructure in operation and is expected to generate gross annual EBITDA of \$10-20 million. Tidewater Renewables’ ownership will be accounted for under the equity method of accounting.

Feedlot Inventory and Feedstock Ownership Partnership Highlights

- RCC is expected to control close to half the required feedstock for Tidewater Renewables’ Renewable Diesel facility (the “**HDRD Facility**”) in the form of tallow once the facility is operating at full capacity. In combination with Tidewater Renewables’ other feedstock sourcing activities, the Partnership substantially de-risks the feedstock supply requirements of the HDRD Facility.
- RCC is also expected to produce substantially all the feedstock for the RNG facilities (the “**RNG Facilities**”) that make up the Partnership, de-risking the feedstock supply requirement of the RNG Facilities.

RNG Facilities Partnership

Upon entering into the Partnership, Tidewater Renewables and Rimrock plan to build and evaluate a number of projects across North America through a separate partnership (the “**RNG Facilities Partnership**”). Tidewater Renewables and Rimrock plan to begin construction on their first Alberta-based RNG facility at High River (the “**High River Facility**”). The High River Facility is expected to have a gross capital cost of \$65-70 million and has received material government grant support. Tidewater Renewables’ net equity investment is expected to be approximately \$10 million, and the Corporation will retain a 51% ownership in the RNG Facilities Partnership. The High River Facility is expected to generate gross annual EBITDA of approximately \$10 million (approximately \$5 million net to Tidewater Renewables). Tidewater Renewables and Rimrock are also evaluating three additional RNG facilities located in Alberta and Nebraska. Each project is expected to attract material government support which dramatically improves project economics. Tidewater Renewables is pursuing 10-20 year investment grade offtake agreements and has received multiple related term sheets.

RNG Facilities Partnership Highlights

- Material government support and investment grade offtakes drive long term contracted cashflows with strong rates of return
- Ability to self-fund future projects through a combination of prior RNG Facilities Partnership project cashflow, government support and low-cost project financing tied to investment grade offtakes
- Leverage Tidewater Renewables’ natural gas storage asset, sour natural gas processing expertise and industry leading natural gas marketing and logistics experience

Tidewater Renewables will also retain a right of first refusal (“**ROFR**”) on all future RNG facilities evaluated by Rimrock.

Under the terms of the Partnership, RCC will continue to operate the Feedlot Infrastructure and Tidewater Renewables will operate the RNG Facilities, each leveraging their own corporate expertise. The Feedlot Infrastructure also includes 7,200 acres of land in Alberta and Saskatchewan, providing further low-cost feedstock supply for the HDRD Facility and significant economic upside.

Tidewater Renewables intends to fund these investments through a combination of its \$150 million credit facility, a \$26 million RNG credit facility to be obtained by a newly formed wholly-owned subsidiary (the “**RNG Credit Facility**”), government grants, and project financing. RCC has received material government support to date, which is expected to continue and dramatically improve project economics and viability. The RNG Credit Facility is fully committed, has a term of fifteen (15) months and has an initial coupon of approximately 6.5%, which escalates every three (3) months. The RNG Credit Facility is subject to certain conditions that we anticipate will be met in advance of any funding requirements.

Operational Update

Tidewater Renewables' base business continues to exceed expectations, with quarterly adjusted EBITDA forecasted to be 10-20% above Q4-2021 throughout 2022. The Corporation has also seen a material improvement in renewable diesel margins, with both diesel and British Columbia Low Carbon Fuel Standard ("BC LCFS") credit prices heavily outpacing the cost of feedstock. In addition, Tidewater Renewables expects to realize an incremental margin associated with the Canadian Clean Fuel Standard credits, which are expected to come into effect in early 2023. Furthermore, the two critical feedstock partnerships announced over the last six months have reduced Tidewater Renewables' projected feedstock costs. The Corporation remains confident that the value increase in its previously announced BC LCFS credit sales will offset any inflationary pressure associated with capital costs of the HDRD Facility, which remains on schedule for Q1-2023 operations.

Advisors

National Bank Financial Inc. served as exclusive financial advisor and Norton Rose Fulbright acted as legal counsel to Tidewater Renewables in connection with the Partnership and the RNG Facilities Partnership.

INFOR Financial Inc. served as exclusive financial advisor to Rimrock and RCC in connection with the Partnership and the RNG Facilities Partnership. Beaumont Church acted as legal counsel to RCC.

Forward-Looking Information

This news release contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") that relate to the Corporation current expectations and views of future events. These forward-looking statements relate to future events or the Corporation's future performance. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumption or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection", "strategy", "objective" and "outlook") are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this new release should not be unduly relied upon. These statements speak only as of the date of this new release. In particular and without limitation, this news release contains forward-looking statements pertaining to Tidewater Renewables' business as described under the heading "About Tidewater Renewables" below; the Corporation's expectation that it will secure 10 to 20-year offtake agreements with investment grade counterparties; estimated addition of run rate EBITDA net to Tidewater Renewables derived from the partnership; expected gross capital cost of each facility and the expected gross annual EBITDA generated therefrom; the expectation that free cash flow from the first two facilities will be sufficient to help finance the construction of at least two additional North American-based RNG

facilities; the expected gross annual EBITDA to be generated by the feedlot and associated infrastructure; and the Corporation's plans to build and evaluate a number of projects across North America. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Corporation's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to, the factors discussed under "Risk Factors" in the Corporation's supplemented PREP prospectus dated August 12, 2021, filed on SEDAR. Tidewater Renewables does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable laws.

Non-GAAP Measures

EBITDA

This press release refers to "EBITDA" which does not have any standardized meaning prescribed by generally accepted accounting principles in Canada ("GAAP"). EBITDA is calculated as income or loss before interest, taxes, depreciation, share-based compensation, unrealized gains/losses, noncash items, transaction costs, items that are considered non-recurring in nature and the Corporation's proportionate share of EBITDA in their equity investments.

Tidewater Renewables' management believes that EBITDA provides useful information to investors as it provides an indication of results generated from the Corporation's operating activities prior to financing, taxation and non-recurring/non-cash impairment charges occurring outside the normal course of business. 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 Renewables also believes EBITDA is a measure widely used by security analysts, investors and others to evaluate the financial performance of the Corporation and other companies in the renewable fuels. Investors should be cautioned that EBITDA should not be construed as alternatives to earnings, cash flow from 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.

Run Rate EBITDA

"Run rate EBITDA" is defined as the expected EBITDA to be generated by a specific asset or specific growth project corresponding to a full year of operations at full capacity. Run rate EBITDA excludes non-cash items including stock-based compensation. The calculation of run rate EBITDA is based in certain estimates and assumptions and should not be regarded as a representation by the Corporation or any other person that the Corporation will achieve such operating results. Prospective investors should not place undue reliance on the Corporation's run rate EBITDA and should make their own independent assessment of the Corporation's future results or operations, cash flows and financial condition.

ABOUT TIDEWATER RENEWABLES

Tidewater Renewables is traded on the TSX under the symbol “LCFS”. Tidewater Renewables is a multi-faceted, energy transition company. The Corporation is focused on the production of low carbon fuels, including renewable diesel, renewable hydrogen and renewable natural gas, as well as carbon capture through future initiatives. The Corporation was created in response to the growing demand for renewable fuels in North America and to capitalize on its potential to efficiently turn a wide variety of renewable feedstocks (such as tallow, used cooking oil, distillers corn oil, soybean oil, canola oil and other biomasses) into low carbon fuels. Tidewater Renewables’ objective is to become one of the leading Canadian renewable fuel producers. The Corporation is pursuing this objective through the ownership, development, and operation of clean fuels projects and related infrastructure, utilizing existing proven technologies. Organically, Tidewater Renewables will seek to leverage the existing infrastructure and engineering expertise of Tidewater Midstream and Infrastructure Ltd., its majority shareholder, regarding the development of the Corporation’s portfolio of greenfield and brownfield capital projects as well as the expansion of the Corporation’s product offerings. Additional information relating to Tidewater Renewables is available on SEDAR at www.sedar.com and at www.tidewater-renewables.com.

ABOUT RIMROCK CATTLE COMPANY

RCC and its affiliates are one of the largest beef cattle feeding operations and cattle marketers in North America collectively marketing over 600,000 head of cattle per year. RCC and its affiliates have cattle feeding operations in Alberta, Saskatchewan, Colorado, Texas, New Mexico, Iowa and Nebraska offering a strategic logistical advantage to complement several of Tidewater Renewables’ key growth projects. The Rimrock RNG Partnership with Tidewater Renewables has a path to \$50-60 million of consolidated EBITDA (\$25-30 million for Tidewater Renewables’ respective ownership) over the next 5-10 years supported by long term investment grade offtake agreements which range from 10-20 years, ultimately enhancing the contract profile for Tidewater Renewables through this partnership. Rimrock has received material government support to date which is expected to continue and dramatically improves project economics.

For further information:

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