TIDEWATER

Renewables Ltd.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2023

March 14, 2024

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GENERAL MATTERS

The information in this annual information form ("**AIF**") is given as at and for the financial year ended December 31, 2023, unless otherwise indicated. All dollar amounts set forth in this AIF are in Canadian dollars, unless otherwise indicated.

The audited consolidated financial statements for the year ended December 31, 2023, and related annual management's discussion and analysis, of Tidewater Renewables Ltd. are hereby specifically incorporated by reference in this AIF. Copies of these documents are available on the System for Electronic Document Analysis and Retrieval+ ("**SEDAR+**") at www.sedarplus.ca under the Company's profile.

Interpretation

Unless otherwise indicated or the context otherwise requires, references in this AIF to (i) the "Company" or "Tidewater Renewables" refer to Tidewater Renewables Ltd.; and (ii) "Tidewater Midstream" refers to Tidewater Midstream and Infrastructure Ltd. and its subsidiaries that are not the Company.

Words importing the singular include the plural and vice versa and words importing any gender include all genders. A reference to an agreement means the agreement, as it may be amended, supplemented or restated from time to time.

Unless otherwise indicated, all references to "$" or "dollars" refer to Canadian dollars and all references to "US$" or "U.S. dollars" refer to United States dollars.

Figures, columns and rows presented in tables provided in this AIF may not add due to rounding.

This AIF includes a summary description of certain material agreements of the Company. See "*Material Contracts*". The summary description discloses attributes that the Company considers material to readers but is not complete and is qualified in its entirety by reference to the terms of the material agreements, which have been filed with the applicable Canadian securities regulatory authorities and available on SEDAR+ at www.sedarplus.ca under the Company's profile. Readers are encouraged to read the full text of such material agreements.

All references in this AIF to Management are to the persons who are identified in this AIF as the executive officers of the Company. See "*Directors and Executive Officers*". All statements in this AIF made by or on behalf of Management are made in such persons' capacities as executive officers of the Company and not in their personal capacities.

As of January 1, 2024, there have been significant changes to the legislation underlying the BC LCFS scheme. The Greenhouse Gas Reduction (Renewable & Low Carbon Fuel Requirements) Act ("**old Act**") and regulations under that enactment have been repealed and replaced by the Low Carbon Fuels Act ("**new Act**") and new regulations. BC LCFS Credits and BC Part 3 Agreements created and recognized under the old Act continue to be valid under the new Act. Defined terms from the old Act (such as "Part 3 Fuel Supplier" and "Part 3 Agreement") are used in this report, and also refer to the equivalent defined terms in the new Act. If no new defined term has been proposed in the new Act, the definition under the old Act prevails.

Glossary and Abbreviations

In this AIF, unless otherwise indicated or the context otherwise requires, the following terms and abbreviations shall have the indicated meanings. This is not an exhaustive list of defined terms used in this AIF and additional terms are defined throughout:

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations thereunder, as amended from time to time;

"**Acquisition**" means the acquisition by the Company of the Initial Assets from Tidewater Midstream on August 18, 2021;

"**AIMCo Facility**" means the Company's credit facility described under "*Borrowings — AIMCo Facility*";

"**Assets Ancillary Agreements**" means, collectively, the Take-or-Pay Agreements and the CO&O Agreements;

"**bbls/d**" or "**bbl/d**" means barrels per day;

"**BC**" means the province of British Columbia, Canada;

"**BC LCFS**" means, collectively, BC's *Greenhouse Gas Reduction (Renewable & Low Carbon Fuel Requirements) Act* and the *Renewable & Low Carbon Fuel Requirements Regulation*, introduced to reduce the CI of fuels used in the province;

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

"**BC Part 3 Agreement**" means an agreement between the director under the BC LCFS and a BC Part 3 Fuel Supplier;

"**BC Part 3 Fuel Supplier**" means a "part 3 fuel supplier" under the BC LCFS;

"**biogas**" means the gas that is produced by anaerobic decomposition or thermochemical conversion of biomass;

"**Board**" means the board of directors of the Company;

"**BRC**" means Tidewater Midstream's Brazeau River Complex located in the West Pembina region in central Alberta, wherein Tidewater Midstream has a 100% interest, and which consists of a 235 MMcf/d deep-cut gas processing facility with approximately 10,000 bbls/d of liquid fractionation capability;

"**Canola Co-Processor**" means the canola co-processor described under the heading "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — Canola Co-Processor*";

"**CCUS**" mean, carbon capture and storage and carbon capture, utilization and storage, respectively. See "*Regulatory Framework — Carbon Capture Utilization and Storage (CCUS)*";

"**CFR**" means the *Clean Fuel Regulations*, established under the *Canadian Environmental Protection Act, 1999* on June 20, 2022. See "*Regulatory Framework — Canadian Clean Fuel Regulation (CFR)*";

"**CFR Credits**" means credits generated under the CFR. See "*Regulatory Framework — Canadian Clean Fuel Regulation (CFR)*";

"**CI**" means carbon intensity as specified and calculated under each specific government methodology, where certain calculation differences may exist from one jurisdiction to another;

"**CO_2**" means carbon dioxide;

"**CO&O Agreements**" means the Co-Processing CO&O Agreement and the RNG & Hydrogen Storage Operating Agreement each dated as of August 18, 2021;

"**Common Shares**" means the common shares in the capital of the Company;

"**Company**" or "**Tidewater Renewables**" means Tidewater Renewables Ltd.;

"**Co-Processing Assets**" means those Initial Assets underlying the Renewable Diesel Business Unit and the Renewable Hydrogen Business Unit;

"**COVID-19**" means the novel coronavirus named COVID-19 and the associated pandemic;

"**Credit Facility**" means the Company's credit facility described under "*Borrowings — Credit Facility*";

"**Director**" means a member of the Board;

"**Environmental Attributes**" means, collectively, BC LCFS Credits, CFR credits, carbon credits, rebates, tax credits, grants and other incentives and specific to the jurisdiction the renewable product is sold and environmental attributes available;

"**ESG**" means environmental, social and governance;

"**FCC**" means fluid catalytic cracking;

"**FCC Co-Processor**" means the FCC co-processor described under the heading "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — FCC Co-Processor*";

"**FCC Co-Processor Part 3 Agreement**" means the Part 3 Agreement between Tidewater Midstream and the director under the BC LCFS providing for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain FCC Co-Processor Project milestones. See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — FCC Co-Processor* ";

"**feedstock**" means a raw material required for an industrial process;

"**GAAP**" means generally accepted accounting principles in Canada, which for Canadian reporting issuers is IFRS, as in effect from time to time;

"**GHG**" means greenhouse gas;

"**Governance Agreement**" means the governance agreement entered into in conjunction with the Initial Public Offering and the Acquisition between Tidewater Midstream and the Company, dated as of August 18, 2021, and further described under "*Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement*";

"**Grey Hydrogen**" means hydrogen produced by steam methane reformation without carbon capture and sequestration;

"**HDRD**" or "**Renewable Diesel**" means hydrogen derived renewable diesel;

"**HDRD Feedstock Assets**" means the assets described under the heading "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — HDRD Feedstock Assets*";

"**hydrocarbons**" means solid, liquid or gas made up of compounds of carbon and hydrogen in varying proportions;

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board, as adopted by the Canadian Accounting Standards Board;

"**Initial Assets**" means the assets and projects acquired by the Company pursuant to the Acquisition (being the Renewable Assets other than the HDRD Feedstock Assets, RNG Feedstock Assets and the RNG Facility Project). See "*Renewable Assets*" and "*Business of Tidewater Renewables — Tidewater Renewables' Operations*";

"**Initial Public Offering**" means the initial public offering by the Company of an aggregate of 10,735,000 Common Shares at a price of $15.00 per Common Share for gross proceeds of $161,025,000 pursuant to the Prospectus, with 10,000,000 Common Shares thereof issued on August 18, 2021 and the remaining 735,000 Common Shares issued on September 15, 2021 pursuant to the partial exercise of the over-allotment option by the underwriters;

"**Investor Liquidity Agreement**" means the investor liquidity agreement, dated August 18, 2021, entered into in conjunction with the Initial Public Offering and the Acquisition between Tidewater Midstream and the Company and as further described under "*Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement*";

"**LCFS**" means low carbon fuel standards;

"**Management**" means, collectively, the executive officers of the Company;

"**Mbbl/d**" means thousand barrels per day;

"**MMcf/d**" means million cubic feet per day;

"**NI 51-102**" means National Instrument 51-102 — *Continuous Disclosure Obligations*;

"**NGL**" or "**NGLs**" means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons;

"**petroleum**" means a naturally occurring mixture consisting predominantly of hydrocarbons in the gaseous, liquid or solid phase, and as referenced in this AIF, includes oil and NGL;

"**PGR**" means the Prince George refinery, a 12.0 Mbbl/d light oil refinery located at Prince George, BC, owned by Tidewater Midstream;

"**PGR Tankage Assets & Interest**" means the assets described under the heading "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — PGR Tankage Assets & Interest*";

"**PGR Truck & Rail Rack Interest**" means the assets described under the heading "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — PGR Truck & Rail Rack Interest*";

"**Prospectus**" means the Company's long-form supplemented post-receipt pricing prospectus dated August 12, 2021 filed with the securities regulators in each of the provinces of Canada;

"**Railcar Assets**" means the assets described under the heading "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — Railcar Assets*";

"**Ram River**" means Tidewater Midstream's Ram River gas plant facility, located west of Rocky Mountain House, Alberta;

"**refined products**" includes gasoline and low sulfur diesel from the PGR;

"**Renewable Assets**" means all of the Company's assets and projects, which assets and projects underlie the Renewable Diesel Business Unit, the Renewable Hydrogen Business Unit and the RNG Business Unit. See "*Renewable Assets*";

"**Renewable Diesel**" or "**HDRD**" means a biomass-based diesel fuel that is chemically the same as petroleum diesel fuel;

"**Renewable Diesel & Renewable Hydrogen Complex**" means the facility resulting from the Renewable Diesel Project and the Renewable Hydrogen Project. See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Project — Renewable Diesel Project*";

"**Renewable Diesel Assets**" means the PGR Tankage Assets & Interest, the Railcar Assets, the PGR Truck & Rail Rack Interest, the Unifiner Reactor Interest, the Canola Co-Processor, the FCC Co-Processor and the HDRD Feedstock Assets. See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets*";

"**Renewable Diesel Business Unit**" means the Renewable Diesel Assets and the Renewable Diesel Capital Project. See "*Renewable Assets — Renewable Diesel Business Unit*";

"**Renewable Diesel Capital Project**" means the Renewable Diesel Project. See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Project*";

"**Renewable Diesel Project**" means the capital project described under the heading "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Project — Renewable Diesel Project*";

"**Renewable Diesel Project Part 3 Agreement**" means the Part 3 Agreement between Tidewater Midstream and the director under the BC LCFS providing for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain Renewable Diesel Project milestones. See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Project — Renewable Diesel Project*";

"**renewable fuels**" includes Renewable Diesel, Renewable Hydrogen and RNG;

"**Renewable Hydrogen**" means hydrogen produced from renewable liquid fuels which are reacted with high-temperature steam;

"**Renewable Hydrogen Assets**" means the Steam Methane Reformer and Water Treatment & Electrical Facilities interest. See "*Renewable Assets — Renewable Hydrogen Business Unit – Renewable Hydrogen Assets*";

"**Renewable Hydrogen Business Unit**" means the Renewable Hydrogen Assets and the Renewable Hydrogen Capital Project. See "*Renewable Assets — Renewable Hydrogen Business Unit*";

"**Renewable Hydrogen Project**" means the capital project described under the heading "*Renewable Assets — Renewable Hydrogen Business Unit — Renewable Hydrogen Capital Project — Renewable Hydrogen Project*";

"**Renewable Natural Gas**" or "**RNG**" means biogas, which is produced by anaerobic decomposition or thermochemical conversion of biomass, that has been refined to remove carbon dioxide, water vapor, and other trace gases so that it meets natural gas industry standards;

"**Renewable Storage Infrastructure Assets**" means the assets described under the heading "*Renewable Assets — RNG Business Unit — RNG Assets — RNG Storage Infrastructure Assets*";

"**Renewable Storage Reservoir Assets**" means the assets described under the heading "*Renewable Assets — RNG Business Unit — RNG Assets — RNG Storage Reservoir Assets*";

"**RNG Assets**" means the Renewable Storage Reservoir Assets, the Renewable Storage Infrastructure Assets and the RNG Feedstock Assets. See "*Renewable Assets — RNG Business Unit — RNG Assets*";

"**RNG Business Unit**" means the RNG Assets and the RNG Capital Project. See "*Renewable Assets — RNG Business Unit*";

"**RNG Capital Project**" means the capital project described under the heading "*Renewable Assets — RNG Business Unit — RNG Capital Project*";

"**RNG Facility Project**" means the capital project described under the heading "*Renewable Assets — RNG Business Unit — RNG Capital Project — RNG Facility Project*";

"**RNG Feedstock Assets**" means the assets described under the heading "*Renewable Assets — RNG Business Unit — RNG Assets — RNG Feedstock Assets*";

"**RNG & Hydrogen Storage Assets**" means the Initial Assets underlying the RNG Business Unit;

"**RNG & Hydrogen Storage Operating Agreement**" means the construction, ownership and operating agreement governing the ownership of the RNG & Hydrogen Storage Assets, as well as the allocation of operating costs, entered into in conjunction with the Initial Public Offering and the Acquisition between Tidewater Midstream and Tidewater Renewables;

"**RNG & Hydrogen Storage PSA**" means the purchase and sale agreement entered into by Tidewater Renewables in conjunction with the Initial Public Offering and the Acquisition pursuant to which Tidewater Renewables acquired the RNG & Hydrogen Storage Assets indirectly from Tidewater Midstream;

"**RNG & Hydrogen Storage Take-or-Pay Agreement**" means the capacity take-or-pay agreement entered into in conjunction with the Initial Public Offering and the Acquisition between Tidewater Midstream and Tidewater Renewables, pursuant to which Tidewater Midstream agreed to pay a fixed fee in exchange for capacity and or services related to the RNG & Hydrogen Storage Assets;

"**Shared Services Agreement**" means the shared services agreement dated as of August 18, 2021 and entered into in conjunction with the Initial Public Offering and the Acquisition between Tidewater Midstream and the Company and as further described under "*Agreements with Tidewater Midstream and Other Counterparties — Shared Services Agreement*";

"**Shareholder**" means a holder of Common Shares;

"**Steam Methane Reformer**" means the asset described under the heading "*Renewable Assets — Renewable Hydrogen Business Unit — Renewable Hydrogen Assets — Steam Methane Reformer*";

"**subsidiary**" has the meaning ascribed thereto in the ABCA;

"**take-or-pay**" means a form of contract in which the payor is obligated to pay regardless of whether or not the payor uses the services, volumes or capacity available under the contract;

"**Take-or-Pay Agreements**" means the Co-Processing Take-or-Pay Agreement and the RNG & Hydrogen Storage Take-or-Pay Agreement;

"**Third-Party MSA**" means the master services agreement between Tidewater Midstream and a third party dated mid-2018, assigned in conjunction with the Initial Public Offering and the Acquisition from Tidewater Midstream to Tidewater Renewables, related to the RNG Assets owned by Tidewater Renewables and operated by Tidewater Midstream in accordance with the RNG & Hydrogen Storage Operating Agreement;

"**throughput**" means with respect to a facility, inlet volumes processed (including any off-load or reprocessed volumes); with respect to a pipeline, the estimated gas or liquid volume transported therein; and with respect to processing facilities, the volume of inlet volumes processed;

"**Tidewater Midstream**" means Tidewater Midstream and Infrastructure Ltd.;

"**TSX**" means the Toronto Stock Exchange;

"**Unifiner Reactor Interest**" means the assets described under the heading "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — Unifiner Reactor Interest*";

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia; and

"**Water Treatment & Electrical Facilities Interest**" means the assets described under the heading "*Renewable Assets — Renewable Hydrogen Business Unit — Renewable Hydrogen Assets — Water Treatment & Electrical Facilities Interest*".

Use of Industry Specific Terminology

This AIF contains a number of references to industry specific terminology that is commonly used in the renewable energy production and infrastructure businesses and is also used by the Company in this AIF. In particular, and without limitation to the terms described or defined elsewhere in this AIF, this AIF contains references to renewable energy and renewable fuels.

Renewable energy is energy derived from natural processes that can be replenished at low environmental cost. There are various forms of renewable energy including solar, wind, geothermal, hydropower and ocean resources, solid biomass, biogas and liquid biofuels/renewable fuels.

Renewable Diesel or HDRD is a low GHG transportation fuel which is largely identical to petroleum diesel, meets the specifications for petroleum and is suitable for use in diesel engines. It is produced from biomass sources including various forms of lipids-rich feedstocks such as used cooking oil, fish oil, animal fats, corn oil and soybeans. The resultant fuel is largely identical to petroleum diesel and meets the specifications for petroleum. Renewable Diesel is produced using a well-established process known as hydrotreating (a process also used in petroleum refineries). This process introduces hydrogen to the feedstock under high temperatures and pressures to remove oxygen and develop suitable molecular chains.

Renewable Hydrogen is hydrogen produced from zero or low emission inputs. Hydrogen can be used as an energy source or a raw material. When hydrogen is combined with different inputs, such as biomass, fossil fuels or electricity, it becomes a hydrogen-based fuel or feedstock. Hydrogen-based fuels can be created through inputs such as biomass, fossil fuels, or electricity. Hydrogen-based fuels can be used to fuel engines, turbines, or facilitate storage. Examples of hydrogen-based fuels are synthetic-methane, synthetic fuels, methanol and ammonia.

Renewable Natural Gas is a carbon neutral natural gas that is used as a direct substitute for fossil natural gas. Renewable Natural Gas is an upgraded form of biogas that can be anaerobically generated from the decomposition of organic materials or through thermochemical means such as gasification. Renewable Natural Gas is almost identical to fossil fuel natural gas and can be blended in natural gas pipelines, used for co-generation or combusted as a vehicle fuel. Common feedstocks include wastewater from wastewater treatment facilities, agricultural waste, landfill waste and commercial waste.

There is no single standard system that applies across companies for compiling and calculating the quantity of GHG emissions attributable to the Company's operations. Accordingly, such information may not be comparable with similar information reported by other companies. The Company may change its policies for calculating GHG emissions in the future without prior notice.

Conversions

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To convert from	To	Multiply by
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.293
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

Forward-Looking Statements

This AIF contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") that relate to the Company's current expectations and views of future events. These forward-looking statements relate to future events or the Company's future performance. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions 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 AIF should not be unduly relied upon. These statements speak only as of the date of this AIF. In addition, this AIF may contain forward-looking statements attributed to third-party industry sources. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the information and factors discussed throughout this AIF.

All statements other than statements of historical fact contained in this AIF and the documents incorporated by reference herein are forward-looking statements, including, without limitation, statements regarding: the expected financial performance of the Company's proposed capital projects and assets, including underlying assumptions; estimates underlying EBITDA calculations (including Adjusted EBITDA) (See *Risk Factors – Risks Related to Adjusted EBITDA*"); the timing of completion of certain projects, the conditions thereto and the timing and results thereof; the Company's belief that, through a combination of selling BC LCFS Credits and CFR Credits, the Credit Facility, the AIMCo Facility and other sources as appropriate, the Company will be able to meet its obligations and financial commitments and sufficiently fund its anticipated capital expenditures; the Company's business and growth strategy and anticipated sources of future income, and the possibility that the Board may vary that strategy in the future; the Company's operational and financial performance, including expectations regarding generating revenue, revenues and operating expenses; ability of proven technologies to be applied to generate clean fuels; the ability to supply low carbon fuels to investment grade counterparties through offtake agreements, to existing customers, government entities, Indigenous peoples and others; changes in governmental programs, policymaking and requirements or encouraged use of biofuels, including renewable fuel policies in Canada, the United States and Europe, and state level programs, such as BC's BC LCFS and Canada's CFR; the future pricing of BC LCFS Credits and CFR Credits; expectations around the Company's receipt of BC LCFS Credits and CFR Credits; expectations regarding the Offtake Agreement with FortisBC Energy Inc.; expectations related to the SAF facility including timing, costs and regulatory approval thereof and anticipated production therefrom; expectations regarding the RNG Facility including capital costs, government support and the ability to obtain all required corporate and municipal approvals for such facility; the availability, future price and volatility of feedstocks and other inputs; the future price and volatility of petroleum; the Company's objective of generating free cash flow growth at a relatively low-risk and low cost, and the proposed manner of achieving this objective; the estimated amount of cash flow of the Company (including the components thereof and potential future increases in the amount of cash flow) and the related anticipated payout ratio of the Company; the expectation that the Company will be able to grow its revenue, actively maintain and manage its assets and achieve external growth by selectively pursuing strategic business development opportunities; the Company's expectations regarding competition within the renewable energy industry, and its future position relative to any such competitors; the Company's ability to produce differing types of Renewable Hydrogen including Brown Hydrogen, Grey Hydrogen, Blue Hydrogen and Green Hydrogen and the Company's future ability to store, market and transport such Renewable Hydrogen; expectations regarding the continuing viability of CCUS technology; expectations regarding the Company's successful integration of and Eco Dine Ltd. and its future plans to develop such business and to continue to receive suitable feedstock therefrom; statements regarding the Company's future potential acquisitions; the amount and timing of anticipated payments of revenue to be received from Tidewater Midstream and other counterparties in respect of Tidewater Renewables' assets and that revenues from Tidewater Renewables' assets will provide a significant portion of the Company's revenue; the Company's continuing ability to enjoy the benefit of its agreements with Tidewater Midstream; the performance and creditworthiness of the Company's counterparties; the anticipated operating costs, capital costs, environmental liabilities and reclamation obligations associated with owning and operating renewable energy production and infrastructure assets to be incurred by the Company; expectations that the Company will continue to have access to key infrastructure such as existing rail and truck systems, leased storage tanks, renewable storage reservoirs and sales connections to ATCO Gas' natural gas transmission line system; utilization rates and throughputs of Tidewater Renewables' assets; operational matters, including potential hazards inherent in the Company's operations and the effectiveness of third-party health, safety, environmental and integrity programs; decommissioning, abandonment and reclamation costs; the Company's ability to grow through capital projects; supply and demand for commodities and services; budgets, including future capital, operating or other expenditures and projected costs; the Company's continuing evaluation of opportunities to develop future low-carbon fuel and renewable energy projects and expansion and optimization opportunities at the PGR; operational and capital requirements of the projects at the PGR and elsewhere; the Company's focus on generating cash flow; the Company's ESG strategy, including the ability of renewable products to deliver CI reduction alternatives; the Company's expectations regarding transitional and formal CI designations for certain renewable fuels that it produces; expectations regarding seasonal demand for certain products; the tax horizon and taxability of the Company; and treatment under governmental regulatory regimes, environmental legislation and tax laws.

The forward-looking statements reflect Tidewater Renewables' beliefs and assumptions regarding, among other things: the general stability of the economic and political environment (locally, regionally, nationally and internationally), the regulatory framework regarding taxes and environmental matters in the jurisdictions in which the Company has an interest in renewable energy production and storage infrastructure assets; the ability of the Company to execute its business plans and strategies, including, but not limited to, completion of its capital projects on time and on budget; the timely receipt of all third party, governmental and regulatory approvals and consents sought by the Company including with respect to the Company's projects and applications; the continuation of governmental programs regarding renewable fuels, such as the BC LCFS and the CFR; the future pricing of BC LCFS Credits and CFR Credits; the availability, future price and volatility of feedstocks and other inputs; sustained or growing demand for renewable fuels; ability for the Company to successfully turn a wide variety of renewable feedstocks into low carbon fuels; the future price of future crude oil, natural gas and NGL prices; Tidewater Midstream's continued level of ownership of Common Shares; the ability of the operators of Tidewater Renewables' assets to operate in a safe, efficient and effective manner; the timely receipt of any required regulatory approvals by the operators of Tidewater Renewables' assets; the timing, cost and ability of third parties to access, maintain or expand necessary facilities and/or secure adequate product transportation and storage; the level of costs and expenses to be incurred by the Company, including with respect to interest, general and administrative expenses and income tax expenses; the ability of the Company to obtain and retain qualified staff, equipment and services in a timely and cost efficient manner; the absence of any material litigation or regulatory claims against the Company; inflation, currency, exchange and interest rates; no unforeseen events preventing the performance of contracts; that formal agreements with counterparties will be honored; the Company's ability to obtain and retain qualified staff and equipment in a timely and cost-effective manner; the amount of operating costs for the Company's projects; that there are no unforeseen material costs relating to the projects which are not recoverable; distributable cash flow and net cash provided by operating activities are consistent with expectations; the ability to obtain additional financing on satisfactory terms; the ability of Tidewater Renewables to successfully market its products; timely receipt of equipment and goods ordered by the Company to conduct its operations; impact of planned annual maintenance on the Company's facilities; forecasts with respect to future environmental and climate change compliance obligation costs, and success of same; satisfaction of covenants under Tidewater Renewables' Credit Facility and the AIMCo Facility; the potential future exercise of AIMCo Warrants; and the Company's future debt levels and the ability of the Company to repay its debt when due.

All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward-looking statements. Such factors include but are not limited to, the risks and uncertainties described under "Risk Factors" and in other disclosure documents filed from time to time with the securities commission or similar regulatory authority in each of the provinces of Canada.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements made by or on behalf of the Company, Shareholders and potential investors should not place undue reliance on any such forward-looking statements. Readers are cautioned that the foregoing lists of factors are not exhaustive.

To the extent any forward-looking statement in this AIF, including statements regarding Adjusted EBITDA outlook, constitute "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated financial performance of certain assets and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking statements generally, are, without limitation, based on the assumptions and subject to the risks set out above and are based on GAAP. The Company's actual financial position and results of operations may differ materially from Management's current expectations and, as a result, the Company's revenue and expenses may differ materially from the revenue and expenses profiles provided in this AIF. Such information is presented for illustrative purposes only and may not be an indication of the Company's actual financial position or results of operations.

Further, any forward-looking statement is made only as of the date of this AIF, and the Company does not undertake any obligation to update or revise any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by Canadian Securities Laws. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors or to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The forward-looking statements contained in this AIF are expressly qualified by the foregoing cautionary statements. Shareholders and potential investors should read this entire AIF and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Common Shares.

Further information about the factors affecting forward-looking statements and management's assumptions and analysis thereof, is available in filings made by the Company with Canadian provincial securities commissions available on SEDAR+ at www.sedarplus.ca under the Company's profile.

Non-GAAP Financial Measures

Certain information presented in, or incorporated by reference into, this AIF contains references to non-GAAP financial measures and supplementary financial measures (collectively the "**non-GAAP measures**") used in assessing the Company's results and measuring overall performance. The intent of non-GAAP measures is to provide additional useful information to investors and analysts. These financial measures do not have a standardized meaning prescribed by GAAP and are therefore not 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.

The sole non-GAAP financial measure used herein is "Adjusted EBITDA". The most directly comparable GAAP measure to Adjusted EBITDA is "net income (loss)." The sole supplementary financial measure used herein is "maintenance capital". The meanings and compositions of, specific rationales for, and information associated with (including a reconciliation to the most directly comparable measure calculated in accordance with GAAP) each of the non-GAAP measures are set out in the "*Non-GAAP and Other Financial Measures — Non-GAAP Financial Measures*" section of the Company's most recent management's discussion and analysis, which is available on SEDAR+ at www.sedarplus.ca under the Company's profile.

See "*General — Forward-Looking Statements*" and "*Risk Factors*" (including "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Risks Relating to Adjusted EBITDA*").

Market, Independent Third-Party and Industry Data

Certain market, independent third-party and industry data contained in this AIF is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but the Company has not conducted its own independent verification of such information. This AIF also includes certain data, including production and other operational results, derived from public filings made by independent third parties. While the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from independent third-party sources referred to in this AIF or ascertained the underlying assumptions relied upon by such sources.

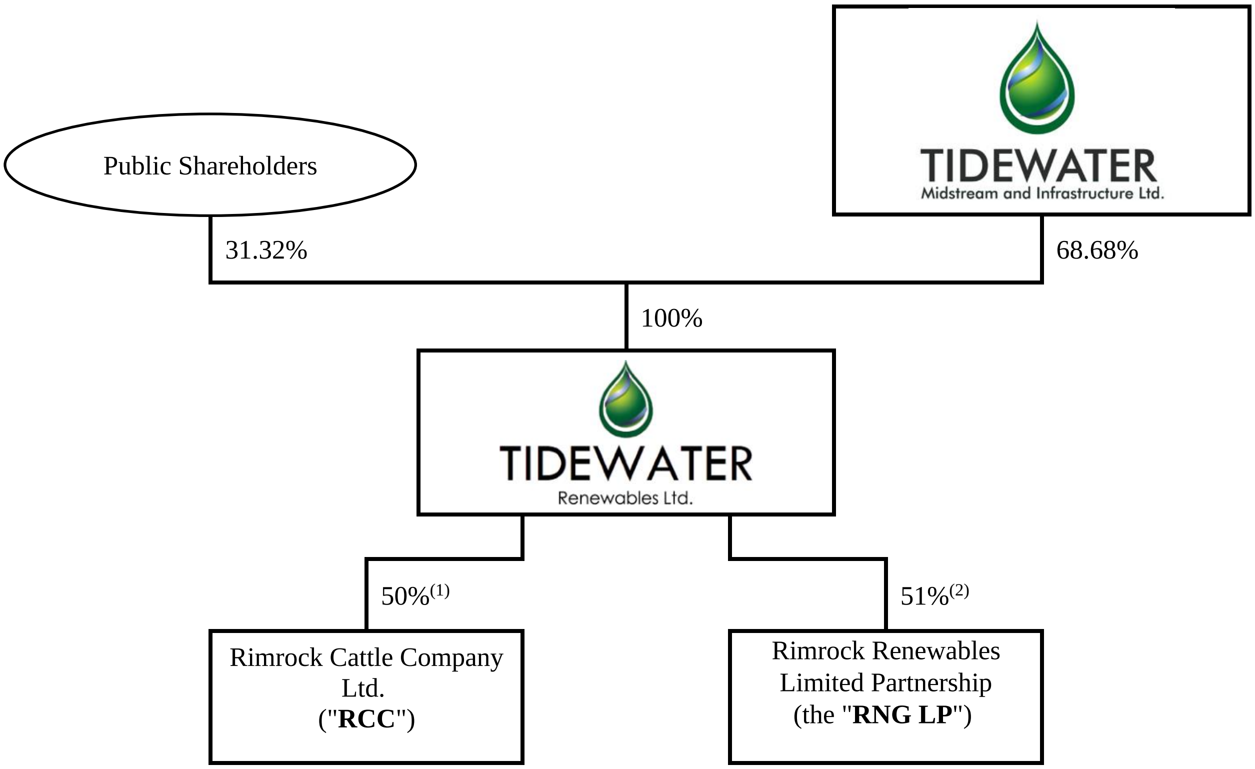
Processing Capacity Volume Figures

The processing capacity of the facilities referred to in this AIF are reported on an inlet volume capacity basis. Inlet volumes will be more than the sales volumes ultimately processed at facilities due to fuel consumption and customary shrinkage, which occurs during transportation and processing.

CORPORATE STRUCTURE

The Company was incorporated under the ABCA as "Tidewater Renewables Ltd." on May 11, 2021. The Company amended its articles of incorporation to create the Series 1 Preferred Shares, as defined herein, on August 17, 2021.

The following chart sets forth the Company's relationship with its subsidiaries and joint arrangement entities, including the number and percentage of voting securities of such entities owned by the Company. The jurisdiction of incorporation or organization for each entity is Alberta. The chart does not include certain subsidiaries and joint arrangements of the Company, as the assets and revenues of such entities did not exceed 10% individually, or 20% in the aggregate, of either the total consolidated assets or revenues of the Company as at and for the period ended December 31, 2023.



(1) The Company's indirectly held ownership interest in RCC provides it with joint control, along with another third-party investor. As such, Tidewater Renewables accounts for its interest in RCC as an equity accounted investment. See "*General Development of the Business — Three Year History — 2022*".

(2) The RNG LP is an indirect subsidiary of the Company. The RNG LP was entered into among an indirect subsidiary of the Company (as a limited partner), a privately controlled third party (as the other limited partner) and Rimrock Renewables Ltd. (as the general partner). The Company controls the RNG LP via its 51% ownership interest in the general partner (subject to the terms and conditions of a shareholders' agreement and limited partnership agreement). The Company and the other limited partner each hold 50% of the limited partnership units of the RNG LP. See "*General Development of the Business — Three Year History — 2022*".

The Company's head office is located at Suite 900, 222 3rd Avenue SW, Calgary, Alberta, T2P 0B4 and its registered office is located at Suite 3700, 400 3rd Avenue SW, Calgary, Alberta, T2P 4H2.

The Company is a reporting issuer in each of the provinces of Canada. The Common Shares are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the trading symbol "LCFS".

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The general development of Tidewater Renewables' business since 2021, being the year when the Company's current business was established, and up to the date of this AIF, which includes events, such as acquisitions or dispositions, or conditions that have had an influence on that development, is described below.

2021

The Company was incorporated under the ABCA as "Tidewater Renewables Ltd." on May 11, 2021.

On August 18, 2021, Tidewater Renewables completed the Initial Public Offering concurrently with the Acquisition of the Initial Assets.

Tidewater Renewables completed the Acquisition, acquiring the Initial Assets indirectly from Tidewater Midstream in exchange for aggregate consideration of $538,500,000 — which consideration was comprised of (i) $180 million in cash (including the net proceeds of the Initial Public Offering and amounts drawn under the Credit Facility); and (ii) 23,900,000 Common Shares with a fair market value equal to $358,500,000. Such price was determined after taking into consideration, among other things, discounted cash flows based on projected cash flows from the Initial Assets and valuation multiples of publicly traded companies that were deemed comparable to the Initial Assets by Tidewater Midstream, Tidewater Renewables and the underwriters under the Initial Public Offering.

The Initial Public Offering consisted of the offering of an aggregate of 10,735,000 Common Shares at a price of $15.00 per Common Share for gross proceeds of $161,025,000 pursuant to the Prospectus, with 10,000,000 Common Shares thereof issued on August 18, 2021 and the remaining 735,000 Common Shares issued on September 15, 2021 pursuant to the partial exercise of the over-allotment option by the underwriters.

In conjunction with the Initial Public Offering and Acquisition, the Company also established a $150 million Credit Facility. The Credit Facility consisted of a syndicated component (the syndicated facility), and an operating component (the operating facility). The operating facility is a revolving operating facility with a maximum available draw of $35 million. The syndicated facility is a revolving facility with a maximum available draw of $115 million. On September 22, 2022, the Credit Facility was amended to increase certain financial covenants. See "*Borrowings — Credit Facility*".

In conjunction with the Initial Public Offering and Acquisition, the Company also established various agreements with Tidewater Midstream whereby Tidewater Midstream provides certain shared administrative and operational services required for Tidewater Renewables to operate and administer its assets. It also established agreements with Tidewater Midstream whereby Tidewater Midstream is provided certain board nomination rights and registration rights. See "*Agreements with Tidewater Midstream and Other Counterparties*".

On November 15, 2021, the Company announced its first sale agreement with an investment-grade counterparty to sell BC LCFS Credits at $425 per credit, which it received through the construction of the Renewable Diesel & Renewable Hydrogen Complex (the "**First BC LCFS Credit Sale Agreement**"). Pursuant to the First BC LCFS Credit Sale Agreement, Tidewater Renewables agreed to sell a total of 125,000 BC LCFS Credits at $425 per credit as compared to the previously disclosed budgeted value of $375 per credit.

2022

On January 10, 2022, the Company announced a second sale agreement with an investment-grade counterparty to sell BC LCFS Credits at an average price of $478 per credit that the Company received through the construction of the Renewable Diesel & Renewable Hydrogen Complex (the "**Second BC LCFS Credit Sale Agreement**"). Pursuant to the Second BC LCFS Credit Sale Agreement, Tidewater Renewables agreed to sell a total of 25,000 BC LCFS Credits at an average price of $478 per credit — as compared to the first disclosed sale at $425 per credit and the previously disclosed budgeted value of $375 per credit — for credits anticipated to be received under the Renewable Diesel Project Part 3 Agreement with the Government of BC. The Second BC LCFS Credit Sale Agreement further reduced the value realization risk on a portion of the BC LCFS Credits that Tidewater Renewables received, realizing total proceeds of over $11.9 million over the term of this agreement. With this transaction, Tidewater Renewables had agreed to sales for over 50% of the BC LCFS Credits expected to be received by the commissioning of the Renewable Diesel & Renewable Hydrogen Complex, which occurred in the third quarter of 2023.

On January 10, 2022, the Company also announced that it closed a strategic acquisition of Eco Dine Ltd., a used cooking oil supplier, providing certain feedstock supply for a portion of the renewable fuels production from the Renewable Diesel & Renewable Hydrogen Complex (the "**Feedstock Acquisition**"). Total consideration for the Feedstock Acquisition was $3.5 million, consisting of a cash and a Common Shares component. See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — HDRD Feedstock Assets — Feedstock Acquisition*".

In the first quarter 2022, Tidewater Renewables announced a multi-year partnership with the University of Saskatchewan, which will focus on a variety of renewable feedstocks, catalyst synthesis and conversion technologies to produce certain renewable fuels.

On April 4, 2022, the Company announced its strategic investments in RNG LP and in RCC. These investments are aimed to advance the Company's RNG business and secure long-term feedstock supply for both its RNG and renewable fuels businesses. The RNG LP investment includes the planned construction (the "**RNG Facility Project**") of the Company's first RNG facility located in Foothills County, Alberta (the "**RNG Facility**"), which is backstopped by the 20-year Offtake Agreement, and which includes the opportunity for additional RNG facilities in the future. The RNG Facility will convert feedlot manure to pipeline quality RNG with negative CI scores (meaning it takes more carbon out of the environment than it produces) through an anaerobic digestion and gasification process. The investment in RCC included the Company agreeing to invest $30 million in exchange for a 50% ownership of RCC, including its associated cattle feeding operations ("**Feedlot Infrastructure**") and cattle inventory. See "*Renewable Assets — RNG Business Unit — RNG Capital Project — RNG Facility Project*".

On June 28, 2022, Tidewater Renewables announced a multi-year agreement with an investment-grade company to sell compliance credits that Tidewater Renewables expects to generate under the CFR through the production and sale of renewable fuels produced at the Renewable Diesel & Renewable Hydrogen Complex (the "**First CFR Credit Sale Agreement**"). As part of the transaction, Tidewater Renewables agreed to sell a total of 45,000 CFR Credits at $95 per credit. This multi-year agreement extends to June 30, 2025.

On September 21, 2022, Tidewater Renewables announced a second agreement to sell compliance credits that Tidewater Renewables expects to generate under the CFR through the production and sale of renewable fuels produced at the Renewable Diesel & Renewable Hydrogen Complex (the "**Second CFR Credit Sale Agreement**"). As part of the transaction, Tidewater Renewables agreed to sell a total of 25,000 CFR Credits at $100 per credit. This multi-year agreement extends to July 28, 2024. The Company has received its default CI under Section 75(1)(b) of the CFR and expects to apply for a formal CI following the full ramp-up and optimization of operations and at least three months of consistent data from its Renewables Diesel & Renewables Hydrogen Complex; although the length of time that it will take for the Company to be assigned a formal CI following such application remains uncertain.

On October 17, 2022, Tidewater Renewables announced that RNG LP entered into a 20-year offtake agreement (the "**Offtake Agreement**") with FortisBC Energy Inc. Under the Offtake Agreement, the Company must produce a minimum of at least 300,000 gigajoules per year. Under the Offtake Agreement, FortisBC Energy Inc. expects to purchase up to 525,000 gigajoules of RNG annually from the RNG Facility. FortisBC Energy Inc. also has the option to purchase any amounts above 525,000 gigajoules per year, if applicable. The supply of RNG under the Offtake Agreement remains subject to the RNG Facility receiving municipal land use approvals and final investment decision of the Company.

On October 24, 2022, Tidewater Renewables announced the closing of a $150 million five-year senior secured second lien credit facility (the "**AIMCo Facility**") with an affiliate of Alberta Investment Management Company ("**AIMCo**"), on behalf of certain of its clients. The AIMCo Facility's term is five years, maturing on October 24, 2027 and at closing was drawn down by way of a single advance with net proceeds reflecting a 5% original issue discount. As part of the AIMCo Facility, Tidewater Renewables issued 3.375 million warrants to AIMCo (the "**AIMCo Warrants**"). Each AIMCo Warrant entitles AIMCo to purchase one Common Share at a price per share of $14.84, for a term of five years – until October 24, 2027. The exercise price reflects a 50% premium to the 10-day volume weighted average trading price of the Common Shares prior to closing of the AIMCo Facility. See "*Borrowings — AIMCo Facility*".

On November 28, 2022, the Company announced that it appointed Robert Colcleugh as interim Chief Executive Officer of the Company effective as of such date. Mr. Colcleugh succeeded Joel MacLeod, who stepped down from his Management and Board roles to pursue other opportunities. Mr. Colcleugh was also appointed Chairman of the Company, with Brett Gellner continuing to serve as Lead Independent Director of the Company following Mr. Macleod's departure. As at December 31, 2023, pursuant to BC Part 3 Agreements:

- 56,104 BC LCFS Credits were received by Tidewater Midstream directly from the Government of BC for costs incurred by Tidewater Midstream on the Renewable Diesel & Renewable Hydrogen Complex prior to the Acquisition;

- 75,000 BC LCFS Credits were received by the Company and monetized for proceeds of $33,280,000 (average price of $443.73/ credit);
- 4,329 BC LCFS Credits were received by the Company and recorded in inventory, with a value of $425/credit; and
- 49,108 BC LCFS Credits were accrued by the Company and recorded in inventory, with a value of $425/credit.

2023

On April 13, 2023, Tidewater Renewables announced initial unit commissioning at its Renewable Diesel & Renewable Hydrogen Complex and that, in order to support the Renewable Diesel & Renewable Hydrogen Complex, it had entered into firm credit sales agreements expected to result in $43 million of proceeds net to the Company.

On April 24, 2023, the Company released its inaugural ESG report summarizing the Company's performance on several key ESG topics and highlighting its commitment to responsible energy development and the energy transformation. The ESG report is available on the Company's website.

On October 1, 2023, the Company announced that mechanical construction of the Renewable Diesel & Renewable Hydrogen Complex was complete and that most commissioning milestones were achieved.

On November 8, 2023, Robert Colcleugh was appointed Chief Executive Officer of the Company. Mr. Colcleugh previously served as the interim Chief Executive Officer of the Company.

On November 9, 2023, the Company announced that the Renewable Diesel & Renewable Hydrogen Complex had commenced commercial operations, actively producing cold weather diesel, and was slowly and safely progressing production to the facility's design capacity. Despite increased gross project costs due to the delay in commercial operations, the Company expects payback on the project within two to three years.

On December 14, 2023, the Company announced that RNG LP received Environmental Protection and Enhancement Act approval from the Government of Alberta's Ministry of Environment and Protected Areas for the construction and operation of the RNG Facility.

In December 2023, the Company completed a feasibility assessment for an expansion of its renewable fuel facilities in British Columbia.

2024

On January 22, 2024, the Company announced the appointment of Jeremy Baines as Chief Executive Officer and as a Director, effective as of such date. Mr. Baines succeeded Robert Colcleugh, who stepped down from his Management and Board roles with both of Tidewater Renewables and Tidewater Midstream to pursue other opportunities.

On March 13, 2024, the Company appointed Jeffrey Hamilton as Director, Chair of the Audit Committee, member of the Governance, Compensation, Safety and Sustainability Committee and member of the Independence Committee. The Company further appointed Jeremy Baines to act as Chair of the Board as of March 13, 2024.

In the first quarter of 2024, Tidewater Renewables and Tidewater Midstream entered into a joint development agreement related to a new 6,500 bbl/d renewable diesel and sustainable aviation fuel ("**SAF**") project, whereby both parties have the right to participate in up to 50% of the project upon a final investment decision. The SAF facility is expected to leverage many of the same processes used in the operating Renewable Diesel & Renewable Hydrogen Complex.

The front-end engineering design and regulatory applications are expected to be completed in 2025 and be fully funded through the sale of capital emissions credits issued under an executed incentive agreement. To manage price exposure on the emissions credits the Company has secured a purchase commitment with an investment-grade counterparty for the capital emissions credits it expects to receive.

Significant Acquisitions

The Company did not complete any significant acquisitions in the financial year ended December 31, 2023 as such term is defined in NI 51-102.

Potential Acquisitions, Issuance of Securities and Financings

Tidewater Renewables continues to evaluate potential acquisitions of assets, companies and other strategic acquisitions as part of its ongoing acquisition program. Tidewater Renewables regularly evaluates potential acquisitions, which individually or together could be material. Tidewater Renewables may, in the future, issue securities in connection with acquisitions or otherwise and complete financings of equity or debt (which may be convertible into equity) for purposes that may include financing of acquisitions, Tidewater Renewables' operations and capital expenditures and repayment of indebtedness. In selecting which capital projects and acquisitions to pursue, Tidewater Renewables pays close attention to both the macro trends that affect its business, as well as the particular needs of customers and potential customers. See "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Risks Relating to Competition for Opportunities*" and "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Negative Impact of Additional Sales or Issuances of Common Shares*".

BUSINESS OF TIDEWATER RENEWABLES

Tidewater Renewables is a multi-faceted, energy transition company. The Company is focused on the production of low carbon fuels and carbon capture through future initiatives.

The Company 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 into low carbon fuels.

Business Objective and Strategy

Tidewater Renewables' objective is to be a leading Canadian producer of renewable fuel through the provision of alternative low-carbon and clean-fuel solutions. The Company is pursuing this objective through the ownership, development and operation of clean fuels projects and related infrastructure.

Tidewater Renewables' growth strategy is focused on building out its three operating business units: (i) Renewable Diesel (which includes future fuels such as SAF and sustainable marine fuel), (ii) Renewable Hydrogen and (iii) Renewable Natural Gas, with CCUS used as appropriate across the business units. The Company is focused on expanding its renewables asset portfolio and maximizing its reach throughout North America.

The Company expects to continue to rely on a combination of (i) undrawn amounts under the AIMCo Facility and the Credit Facility, (ii) cash flow generated by the sale of BC LCFS Credits (which Tidewater Renewables expects to continue to earn upon satisfaction of certain construction milestones related to the FCC Co-Processor, and the operation of and sales from the FCC Co-Processor and the Renewable Diesel & Renewable Hydrogen Complex), (iii) cash flow generated by the sale of CFR Credits, (iv) cash flows generated by production at the Renewables Diesel & Renewables Hydrogen Complex, (v) cash flow generated by the Renewable Assets and (iv) other potential sources of financing as appropriate, for working capital, to fund the development of the capital projects and for general corporate purposes.

Tidewater Renewables expects the Initial Assets to generate operating cash flows primarily from take-or-pay contracts with Tidewater Midstream, as the primary counterparty, and from other non-take-or-pay activities. The Company expects the RNG Facility to generate operating cash flows primarily from the Offtake Agreement. These are expected to provide Tidewater Renewables with stable, long-term, contracted cash flows.

The Company anticipates that operating cash flow and its receipt and monetization of BC LCFS Credits, CFR Credits and other environmental credits related to renewable energy projects will provide additional funding for the Company to achieve its development and expansion plans and other business objectives, however there is no assurance that any such amounts will be available or sufficient to achieve all of the Company's intended milestones.

See "*General Development of the Business — Three Year History*" for details regarding the First BC LCFS Credit Sale Agreement, the Second BC LCFS Credit Sale Agreement and the BC LCFS Credits that have been received and monetized by the Company, and the First CFR Credit Sale Agreement, the Second CFR Credit Sale Agreement and the CFR Credits that have been received and monetized by the Company.

Tidewater Renewables' Operations

In order to create the standalone business of Tidewater Renewables, pursuant to the Acquisition, Tidewater Renewables acquired certain pre-existing operating assets from Tidewater Midstream that provided an initial platform for the renewable fuels business units. These Initial Assets included existing logistics (existing loading, unloading and rail assets for feedstock coming in and renewable fuels going out at the PGR), processing activities (existing processing capacity and hydrogen production required for the co-processing projects at the PGR), storage (tankage for storage and blending for Renewable Diesel at the PGR and storage reservoirs for Renewable Natural Gas located at BRC) and utilities that facilitate the operation of the renewable fuels growth projects as they come on line. See "*Renewable Assets*".

The Company's initial growth projects are for the production of Renewable Diesel at the PGR via: (i) the Canola Co-Processor, a project that came online in the third quarter of 2021,(ii) the FCC Co-Processor, Phase 1 of which came online on in August 2022, and the final Phase of which came online in the second quarter of 2023, and (iii) the Renewable Diesel & Renewable Hydrogen Complex that achieved commercial operations on November 7, 2023.

Since the Initial Public Offering and the Acquisition, the Company completed the Feedstock Acquisition and the strategic investments in the RNG LP and RCC (including the RNG Facility Project and corresponding Offtake Agreement, as well as the Feedlot Infrastructure). See "*General Development of the Business — Three Year History — 2022*", "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — HDRD Feedstock Assets — Feedstock Acquisition*", and "*Renewable Assets — RNG Business Unit — RNG Capital Project — RNG Facility Project*".

Management believes that the strategic locations of Tidewater Renewables' existing and planned production assets and logistics capabilities provide it with the opportunity to maximize revenue by creating high-value products and selling them in regulatory-incentivized markets. The Company expects Renewable Diesel demand to increase as current environmental regulations become more strict and as new regulations and systems are put into place.

The majority of Tidewater Renewables assets, including the planned Renewable Diesel production assets, are located in BC and in relatively close proximity to California, Oregon and Washington — which are the current jurisdictions in Canada and the U.S. that have LCFS legislation in place.

Complementary to the Renewable Assets, Tidewater Renewables is pursuing an acquisition strategy that seeks to identify and target energy transition and logistics assets located in North America, which are both complementary to its existing business as well as in complimentary businesses, such as feedstock and logistics networks. The Company's acquisition strategy targets assets that could be enhanced through in-house expertise and focuses on vertically integrating the Company's renewable fuels business units. See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — HDRD Feedstock Assets — Feedstock Acquisition*" and "*Renewable Assets — RNG Business Unit — RNG Capital Project — RNG Facility Project*".

The Company believes its integrated approach, which is comprised of all aspects of the value chain from acquiring renewable feedstock, operating its renewable fuel facilities, distributing clean fuel through a network of terminals and storage assets and managing facility construction and upgrades, positions the Company to serve the growing market for low carbon fuels. The Company believes that the execution of these strategies will enable it to expand its margins, diversify sources of profitability, manage its business through varying market conditions and increase Shareholder value. See "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Development and Operation of Individual Renewable Energy Projects (Including Cost Overruns)*", "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Ability to Achieve Investment Objectives*", and "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Feedstock and Contracting Risk*".

Revenue Streams

At December 31, 2023, the Company operated as one operating segment: renewable energy. Revenue streams associated with the renewable energy operating segment include:

- *Renewable Diesel* — Renewable Diesel consists of physical product, environmental credits and take-or-pay agreements. The Company's revenue from this stream was $65.4 million for the year ended December 31, 2022 ($61.3 million of which was derived from sales to Tidewater Midstream) and $86.6 million for the year ended December 31, 2023 ($76.2 million of which was derived from sales to Tidewater Midstream); and

- *Renewable Natural Gas* — The Company's revenue from this stream was $10.7 million for the year ended 31, 2022 (all of which was derived from sales to Tidewater Midstream) and $11.1 million for the year ended December 31, 2023 ($10.3 million of which was derived from sales to Tidewater Midstream).

Renewable Diesel Revenue Stream

The Company's renewable diesel revenue stream is derived from the assets and projects underlying the Renewable Diesel Business Unit and the Renewable Hydrogen Business Unit. See "*Renewable Assets — Renewable Diesel Business Unit*" and "*Renewable Assets — Renewable Hydrogen Business Unit*".

The Company leverages its marketing and logistic services to take advantage of specific location, quality and time-based opportunities when available. The Company purchases, transports, stores and sells renewables refined products and feedstocks throughout North America, and continues to engage in commercial negotiations to source feedstocks for the production of such refined product. It is anticipated that the majority of feedstock will be sourced from within Western Canada and opportunistically from other global sources as required. See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — HDRD Feedstock Assets — Feedstock Acquisition*" and "*Renewable Assets — RNG Business Unit — RNG Capital Project — RNG Facility Project*".

Tidewater Renewables' competitors in the renewable fuel business include other refiners, investment banks that have established trading platforms and brokers and marketers of widely varying sizes, financial resources and experience.

Renewable Natural Gas Revenue Stream

The Company's renewable fuels operations currently consist of the RNG Assets. The RNG Assets are comprised of the Renewable Storage Reservoir Assets and the Renewable Storage Infrastructure Assets (both located at the BRC) as well as the RNG Feedstock Assets. The RNG Assets at BRC generate revenue by charging fees to gas storage customers for the injection and withdrawal of natural gas in the storage pool, and for the extraction of natural gas liquids. The difference between natural gas prices in the summer months versus the winter months drives fees that Tidewater Renewables charges for storage services. The Company has executed and is engaged in commercial negotiations to provide fee-based services to independent energy producers to store natural gas product. See "*Renewable Assets — RNG Business Unit — RNG Assets*".

The RNG and waste-to-energy space is highly fragmented with many companies now operating in the industry, including project developers and equipment or service providers. Tidewater Renewables expects to compete against other companies for access to biogas from various waste sources. Evolving regulatory and consumer preferences, waste energy trends and project economics are expected to continue to effect the competitive landscape, and Tidewater Renewables' ability to generate project returns.

Company Feedstocks and Other Inputs

The Company produces low carbon fuels such as Renewable Diesel and Renewable Hydrogen, and intends to produce Renewable Natural Gas. The Company's Renewable Diesel and Renewable Hydrogen will be produced from a wide variety of low-carbon feedstocks, including distillers corn oil, used cooking oil and inedible animal fats. The Company also produces Renewable Diesel from virgin vegetable oils, such as soybean oil or canola oil, which tend to be higher in price. The Company believes its ability to process a wide variety of feedstocks in its Renewable Diesel and Renewable Hydrogen Complex provides the Company with a cost advantage over many Renewable Diesel producers because of the flexibility to respond to changes in feedstock pricing. The Company's Renewable Natural Gas projects, if and when undertaken, will utilize animal manure and organic waste feedstock which will be sourced from strategic locations surrounding such projects.

Management currently maintains commercial relationships with many potential feedstock suppliers, including those with domestic and international operations. The majority of these suppliers are the direct producers of the various feedstocks or global trading entities dealing in such feedstock.

Since the Initial Public Offering and the Acquisition, the Company acquired the HDRD Feedstock Assets and the RNG Feedstock Assets. See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — HDRD Feedstock Assets*" and "*Renewable Assets — RNG Business Unit — RNG Assets — RNG Feedstock Assets*"**.**

In addition to feedstock, the Company also procures various chemicals and catalysts that are utilized in the production processes, which are typically sold under fixed-price contracts and formula-indexed contracts based upon competitive bidding.

Risk Management

The prices for feedstocks and renewable fuels as well as the value of associated government incentives, can be volatile and not always closely correlated. Low carbon feedstocks are particularly difficult to risk manage given that the majority of such feedstocks are not traded in any public futures market. To manage feedstock and clean fuels price risks, the Company utilizes fixed price forward contracting, hedging and other risk management strategies, including the use of futures, swaps, options and over-the-counter products as possible.

To decrease commodity price exposure and protect the Renewable Diesel & Renewable Hydrogen Complex's cash flows, the Company has entered into financial forward contracts for certain vegetable oils and refined products, as well as forward sales of BC LCFS credits. The Company remains hedged on approximately 50% and 30% of the Renewable Diesel & Hydrogen Complex's feedstock volume requirements through 2024 and 2025, respectively, as well as the majority of its co-processing feedstock. See "*General Development of the Business — Three Year History*" for details regarding the First BC LCFS Credit Sale Agreement, the Second BC LCFS Credit Sale Agreement, the BC LCFS Credits that have been received and monetized by the Company, the First CFR Credit Sale Agreement and the Second CFR Credit Sale Agreement.

In establishing its risk management strategies, the Company has drawn from its own in-house risk management expertise and consultation with industry experts. The Company also utilizes research conducted by outside firms to provide additional market information and risk management strategies. The Company believes combining these sources of knowledge, experience and expertise expands its view of the fluctuating commodity markets for raw materials and energy to improve its risk management strategies. See "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Hedging*".

Distribution

The Company has an established distribution system to supply renewable fuels throughout North America utilizing existing rail and truck logistics as well as renewable storage reservoirs and sales connections to ATCO Gas' natural gas transmission line system. The PGR Truck & Rail Rack Interest provides the Renewable Diesel and Renewable Hydrogen Complex with access to the existing PGR on-site rail transloading and truck loading facilities for distribution of Renewable Diesel as well as a natural gas utility connection for future Renewable Hydrogen sales.

Tidewater Renewables has approximately 320 leased railcars for transportation of Renewable Diesel and feedstocks. The Company is also focused on growing its portfolio of leased storage tanks in terminals across North America. In general, the Company's terminal distribution strategy in North America is focused on working with offtake partners to place Renewable Diesel in LCFS advantaged markets. Tidewater also has an offtake agreement with an investment grade counterparty for Renewable Diesel lasting through the end of 2024. Additionally, the Company also has a 20-year RNG offtake agreement with FortisBC relating to the RNG Facility Project. The Company envisions terminal contracts with one to five-year terms and with renewal conditions. The Company continues to look for terminal expansion and optimization opportunities across North America.

Environmental, Social and Governance ("ESG")

Tidewater Renewables is focused on producing clean, renewable fuels for the North American markets. The Company focuses on renewable fuels to deliver CI reduction alternatives. As part of the Company's commitment to ESG and transparency, it published its inaugural Sustainability Report in April, 2023. Our key ESG attributes include:

1. producing renewable fuels that have significantly reduced CI relative to conventional fossil fuels by more than 80%, and over 100% in the case of some organic waste products (which would have otherwise escaped into the environment, are instead captured, processed and converted into energy, thus receiving a credit for having not been released into the environment);

2. building a feedstock strategy focused on inedible and waste-stream oils such as animal fats, used cooking oil and distillers corn oil;

3. having an experienced and diverse Board, of which 25% of Directors are women and a majority of Directors are considered independent within the meaning of applicable Canadian securities laws;

4. having an experienced and diverse executive team, of which 25% are women, and an experienced and diverse non-executive team, of which approximately 30% are women;

5. supporting our female led wholly-owned subsidiary, Eco Dine Ltd., of which approximately 32% of all employees are women;

6. sharing resources and expenses through the Shared Services Agreement with Tidewater Midstream that provides Tidewater Renewables with experience and knowledge regarding health and safety practices and human capital management — which includes an ESG committee that meets on a bi-weekly basis to review ESG priorities and plans;

7. as part of our commitment to creating an inclusive and equitable place to work, completing a gender pay equity analysis during the first quarter of 2023. The Company will be conducting this type of analysis on a yearly basis as part of the annual compensation review and its recruitment process;

8. having all employees, including senior management, participate in diversity, equity and inclusion training;

9. focusing on socially conscious commerce, community engagement with all local stakeholders and deepening of community relations through various events and corporate sponsorships; and

10. focusing on targeted donation and volunteering aimed at organizations that are aligned with the Company's values of supporting mental health, children, youth and first and second generation immigrants.

Competition

Renewable Diesel Competition

The market for renewable fuels is expected to continue to grow over the coming years as a result of federal and provincial government initiatives that incentivize the market to reduce the CI of fuels produced and consumed. Specifically, alternative low carbon fuel sources are set to grow rapidly in BC with the provincial government mandating CI reductions in the gasoline and diesel sold in the province, which must come from renewable sources. Beginning in 2023, the BC government further increased the CI reductions requirements to 30% by 2030 (compared to the 2010 baseline). As such, the Company expects competition for market share in all three business units to continue to be intense amongst existing and up-and-coming Renewable Diesel producers.

For instance, in January 2023, Imperial Oil Limited ("**Imperial**") approved $720 million to construct Canada's largest Renewable Diesel facility at its Strathcona refinery near Edmonton, Alberta. This facility is expected to produce more than one billion liters of Renewable Diesel annually and to supply a significant portion of its Renewable Diesel production to BC starting in 2025.

With total refined product demand in BC estimated at 200 Mbbl/d, a gap exists between supply and demand for Renewable Diesel. The Company expects that the BC LCFS' and CFR programs' mandated reductions in CI for gasoline and diesel will cause refiners in BC to over-blend with Renewable Diesel to meet compliance in their gasoline and diesel pools. Tidewater Renewables expects to remain competitive by having a proven and existing customer base for its Renewable Diesel product due to existing diesel operations and attractive crack spreads at the PGR.

Renewable Natural Gas Competition

Tidewater Renewables will compete against other companies or solutions for access to biogas from different waste sources. Evolving regulatory and consumer preferences, waste energy trends and project economics have a significant effect on the competitive landscape and Tidewater Renewables' ability to continue generating project returns. The Company is aware of several competitors in the U.S. and Canada who are currently, and are expected to be, delivering RNG to market, with the Canadian Biogas Association reporting close to 300 operating projects in Canada (predominately located in BC, Alberta, Ontario and Quebec). Management is confident in Tidewater Renewables' ability to effectively market products and navigate regulatory and competitive changes.

Hydrogen Competition

Direct incentives for hydrogen related development are mostly related to grants from Canadian and U.S. government and agencies. The Hydrogen Strategy for Canada was released in December 2020 and several Canadian provinces have now released hydrogen strategies with targets; however clear or approved funding plans have yet to be disclosed. Federally, Sustainable Development Technology Canada has provided funding for hydrogen opportunities in Canada.

Tidewater Renewables is a producer of Grey Hydrogen at the PGR and began producing Renewable Hydrogen in 2023. The Company remains confident in its ability to further transition into a producer of blue hydrogen given internal expertise and existing carbon capture operations at Tidewater Midstream's BRC and Ram River processing facilities. Upon commencement of commercial operations on November 7, 2023, Tidewater Renewables' Renewable Hydrogen Plant became the first of its kind in Canada.

Feedstock Competition

With the transition to renewable fuels across North America, there is expected to be significant competition for high quality feedstocks that can result in material CI reductions. Tidewater Renewables has overbuilt and designed the pretreatment facility to accommodate multiple types of feedstock for its Renewable Diesel project. In addition, the Company is engaged in commercial negotiations to source feedstocks for the production of renewable fuels. It is anticipated that the majority of the Company's feedstock will be sourced from within Western Canada and opportunistically from other sources globally.

Environmental Regulation and Insurance

Tidewater Renewables is subject to environmental regulations governing the construction and operation of the Renewable Assets, which require Tidewater Renewables to obtain operating licenses and permits. To ensure compliance with such licenses and permits, Tidewater Renewables works closely with local and regional authorities to address all environmental matters.

Tidewater Renewables maintains insurance that it considers adequate to insure its operations and properties. Its insurance policies are subject to deductibles and retention levels that Tidewater Renewables considers reasonable. Insurance coverage is subject to specific policy provisions which include standard coverages and exclusions typically available in the industry.

There are no outstanding orders, material claims or lawsuits against Tidewater Renewables, or affecting the Renewable Assets, in relation to the release or discharge of any material into the environment or in connection with environmental protection regulations.

Seasonality and Cyclicality

The business of Tidewater Renewables is expected to continue to exhibit seasonality and cyclicality due to overall consumption patterns of refined products, feedstock availability, broad macro-economic activity and extenuating events.

More specifically, demand for diesel products and natural gas tends to be higher in the winter months, which the Company anticipates will correspond with higher demand for renewable fuel sales during such winter months.

Employees and Labour Relations

As at December 31, 2023, Tidewater Renewables employed approximately 37 permanent employees and three contractors and consultants in its operations. To date, Tidewater Renewables has never experienced a labour-related work stoppage at any of its facilities.

Economic Dependence

Other than the Renewable Diesel Project Part 3 Agreement, the Shared Services Agreement and the Assets Ancillary Agreements: (i) the Company is not a party to any contract for the purchase or sale of services or products or any other agreement upon which its business is substantially dependent, and (ii) the Company is not a party to any contracts or subcontracts which terminate, or which are subject to renegotiation this current financial year, and which would reasonably be expected to materially affect the Company's business. As the majority of the Company's revenue is earned by providing services to Tidewater Midstream under co-processing agreements, the Company may be considered economically dependent on Tidewater Midstream. See "*Agreements with Tidewater Midstream and Other Counterparties — Acquisition Agreements — Agreements Relating to the Co-Processing Assets*".

Specialized Skill and Knowledge

Tidewater Renewables employs a strategy of contracting consultants and other service providers to supplement the skills and knowledge of its permanent staff in order to provide the specialized skills and knowledge to effectively undertake its refining, gathering, processing and transportation operations. See also "*Agreements with Tidewater Midstream and Other Counterparties — Shared Services Agreement*".

RENEWABLE ASSETS

Tidewater Renewables acquired the Initial Assets pursuant to the Acquisition. Any working interest in any Initial Asset that is not 100% owned by Tidewater Renewables is owned by Tidewater Midstream.

Renewable Diesel Business Unit

The Renewable Diesel Business Unit consists of the capital projects and assets described immediately below.

Renewable Diesel Capital Project

Renewable Diesel Project

Upon the commencement of commercial operations on November 7, 2023, the Renewable Diesel & Renewable Hydrogen Complex became Canada's first Renewable Diesel project and is Tidewater Renewables' flagship asset. Tidewater Renewables owns a 100% working interest in the Renewable Diesel & Renewable Hydrogen Complex.

The Renewable Diesel & Renewable Hydrogen Complex is Tidewater Renewables' largest renewable initiative — a 3,000 bbl/d Renewable Diesel and Renewable Hydrogen facility located on-site at the PGR. The Renewable Diesel and Renewable Hydrogen Complex is a stand-alone renewables complex focused on 100% renewable feedstock and includes a pre-treatment facility to provide Tidewater Renewables significant flexibility on running various renewable feedstocks.

On the completion of the Acquisition, Tidewater Midstream assigned its interest in the Renewable Diesel Project Part 3 Agreement to Tidewater Renewables. Pursuant to the Renewable Diesel Project Part 3 Agreement, Tidewater

Renewables anticipates receiving and monetizing an aggregate of 462,384 BC LCFS Credits upon satisfaction of the project milestones associated with the construction of the Renewable Diesel & Renewable Hydrogen Complex (359,758 of such credits have already been received). Prior to the Acquisition, Tidewater Midstream incurred approximately $25 million of costs related to the Renewable Diesel & Renewable Hydrogen Complex and received 56,104 BC LCFS Credits directly from the Government of BC under the Renewable Diesel Project Part 3 Agreement as reimbursement for such costs.

The Renewable Diesel & Hydrogen Complex endured material cost pressures, including a challenging labour market, supply chain issues, specialty material shortages, contractor underperformance and general procurement inflation. The gross project cost for the Renewable Diesel & Hydrogen Complex is approximately $393 million (versus the previous estimate of $342 million), however the gross project cost is expected to be offset by approximately $198 million of capital emissions credits resulting in a net project cost of $195 million. The project's economics continue to remain attractive, and, based on current assumptions and expectations, payback is expected in less than three years of operations.

To decrease commodity price exposure and protect the project's cash flows, the Company has entered into financial forward contracts for vegetable oils and refined products, as well as forward sales of BC LCFS credits. The Company remains hedged on approximately 50% and 30% of the Renewable Diesel & Hydrogen Complex's feedstock volume requirements through 2024 and 2025, respectively, as well as the majority of its co-processing feedstock. See "*General Development of the Business — Three Year History*" for details regarding the First BC LCFS Credit Sale Agreement, the Second BC LCFS Credit Sale Agreement and the BC LCFS Credits that have been received and monetized by the Company. See "*General Development of the Business — Three Year History*" for details regarding the First CFR Credit Sale Agreement and the Second CFR Credit Sale Agreement.

The Company anticipates that operating cash flow and the potential to receive and sell BC LCFS and CFR Credits related to its Renewable Assets will provide additional sources of funds for the Company to develop and expand upon its other business objectives, however there is no assurance that any such amounts will be available or sufficient to achieve all of the Company's intended milestones. See "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Capital Required for Business Objectives and Milestones, Including Renewable Diesel & Renewable Hydrogen Complex*".

The Company plans on utilizing its existing infrastructure and strong refining presence in BC for the production, distribution and logistics associated with delivering the Renewable Diesel to customers. The Company's plan is to be involved in every aspect of the Renewable Diesel and Renewable Hydrogen value chain, from acquiring feedstock and operating the Renewable Diesel & Renewable Hydrogen Complex to marketing, selling and distributing the Renewable Diesel and associated excess Renewable Hydrogen. As part of the Company's integrated model, Tidewater Renewables will continue to procure feedstocks provincially, nationally, and at times, internationally, and will convert such feedstocks into Renewable Diesel and Renewable Hydrogen. The Company plans to continue utilizing a wide variety of low-cost and waste-stream feedstocks, including animal fats, used cooking oil and distillers corn oil. At times, the Company may also utilize higher cost virgin vegetable oils.

Renewable Diesel Assets

The Renewable Diesel Assets consist of the Canola Co-Processor, the FCC Co-Processor, the PGR Tankage Assets & Interest, the Railcar Assets, the PGR Truck & Rail Rack Interest and the Unifiner Reactor Interest.

Canola Co-Processor

As a result of the Acquisition, Tidewater Renewables owns a 100% working interest in the Canola Co-Processor, which is located at the PGR.

The 300 bbl/d Canola Co-Processor blends canola oil as feedstock directly into the unifiner at the PGR to produce Renewable Diesel. It was put into service in the fourth quarter of 2021 and has operated continuously since commissioned. Other thana small outage during the PGR turnaround during the spring of 2023 to undergo upgrades.

Based on the BC CI methodology, the Renewable Diesel produced by the Canola Co-Processor has a CI of approximately 80–90% less than conventional fossil fuel diesel.

See "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Capital Required for Business Objectives and Milestones, Including Renewable Diesel & Renewable Hydrogen Complex*".

FCC Co-Processor

As a result of the Acquisition, Tidewater Renewables owns a 100% working interest in the FCC Co-Processor.

The Company successfully commissioned Phase 1 of the FCC Co-Processor in August, 2022. Phase 1 of the FCC Co-Processor was capable of approximately 100 bbl/d of throughput. Phase 2 commissioning was completed in the second quarter of 2023 in conjunction with the PGR turnaround and increased throughput capacity to approximately 300 bbl/d.

The FCC Co-Processor is located at the PGR. The project entails new equipment, tankage and upgrades to enable renewable feedstock co-processing. The estimated total cost for the FCC Co-Processor is $10 million.

Tidewater Midstream assigned its interest in the FCC Co-Processor Part 3 Agreement to Tidewater Renewables. Following such assignment, the Company and Tidewater Midstream entered into an agreement providing Tidewater Renewables up to 300 bbl/d throughput through the FCC unit. Pursuant to the FCC Co-Processor Part 3 Agreement, Tidewater Renewables has received and monetized an aggregate of approximately 9,100 BC LCFS Credits upon satisfaction of certain project milestones.

See "*General Development of the Business — Three Year History*" for details regarding the First BC LCFS Credit Sale Agreement, the Second BC LCFS Credit Sale Agreement and the BC LCFS Credits that have been received and monetized by the Company.

Based on the BC CI methodology, the Renewable Diesel and renewable gasoline produced by the FCC Co-Processor has a CI of approximately 80–90% less than conventional fuels.

The Company anticipates that operating cash flow and the potential to receive BC LCFS Credits and CFR Credits related to renewable energy projects will provide additional sources of funds to develop and expand upon its other business objectives, however there is no assurance that any such amounts will be available or sufficient to achieve all of the Company's intended milestones. See "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Capital Required for Business Objectives and Milestones, Including Renewable Diesel & Renewable Hydrogen Complex*".

PGR Tankage Assets & Interest

The PGR has onsite storage capacity of over one million barrels. Tidewater Renewables owns a 25% working interest in the PGR onsite storage tankage assets which are used to store ethanol, biodiesel, Renewable Diesel as well as finished blends of fossil fuels and clean fuels.

Railcar Assets

As a result of the Acquisition, Tidewater Renewables assumed the leases of approximately 300 rail tank cars, a type of unpressurized general service tank car common in North America. The railcars are leased from Trinity Industries Leasing Company, have an average contract price of approximately US$1,232.33 per railcar per month and have a remaining contract life of approximately four years.

Tidewater Renewables has also entered lease agreements for approximately 46 food grade unpressurized general service railcars. These railcars have an average remaining contract life of approximately three years and an average contract price of US$933.67 per railcar per month.

Tidewater Renewables utilizes its railcar fleet to transport various feedstocks, renewable products and finished blends of fossil fuels and clean fuels.

PGR Truck & Rail Rack Interest

As a result of the Acquisition, Tidewater Renewables owns a 33% working interest in the truck and rail rack located at PGR. The truck & rail rack is a structure that consists of a platform and a loading arm that is used during the loading and unloading process for trucks and railcars. These assets include renewable and refined product truck and rail loading and unloading facilities, which are capable of handling approximately 30,000 bbl/d and which will be used to load and unload renewable feedstock and finished production.

Unifiner Reactor Interest

As a result of the Acquisition, Tidewater Renewables owns a 25% interest in the 10,500 bbl/d unifiner at the PGR. The unifiner is an asset that is integrated into the PGR. It is a catalytic chemical process used to remove sulphur from refined products produced at the PGR. As lighter crude, renewable feedstocks and naphtha feedstock are fed through the refinery, the unifiner strips the sulphur out of such feedstocks as part of the refining process. For additional clarity, the Unifiner Reactor Interest is the functional unit where the canola feed-stock combines with catalysts and hydrogen to transform into Renewable Diesel, and is an important process in the overall PGR.

HDRD Feedstock Assets

Feedstock Acquisition

On January 10, 2022, the Company completed the Feedstock Acquisition, being the acquisition of all of the issued and outstanding shares of Eco Dine Ltd. Such acquisition provides a portion of the feedstock supply for the Renewable Diesel & Renewable Hydrogen Complex. Total consideration for the Feedstock Acquisition was $3.5 million, consisting of cash and Common Shares.

The Feedstock Acquisition is aligned with Tidewater Renewables' strategy to grow its portfolio of discounted feedstocks, particularly those with a low CI advantage, such as used cooking oil. Eco Dine Ltd. is an established Alberta-based used cooking oil supplier with 12 years of operations and approximately 2100 collection points. Having this many collection points benefits Tidewater Renewables by providing it with strong access to feedstock from Eco Dine Ltd., which can be utilized at the Company's HDRD Complex. See "*General Development of the Business — Three Year History — 2022*".

Renewable Hydrogen Business Unit

The Renewable Hydrogen Business Unit consists of the Renewable Hydrogen Capital Project and the Renewable Hydrogen Assets.

Renewable Hydrogen Capital Project

The Renewable Diesel Project and the Renewable Hydrogen Project was built by the Company as one project. The Renewable Diesel & Renewable Hydrogen Complex is the facility resulting from the Renewable Diesel Project and the Renewable Hydrogen Project.

For design, procurement and project execution purposes the Renewable Hydrogen Capital Project is considered part of the Renewable Diesel Project. The Renewable Hydrogen Capital Project is currently designed to have excess hydrogen capacity which Tidewater Renewables plans to monetize into premium markets.

Renewable Hydrogen Assets

The Renewable Hydrogen Assets consist of the Steam Methane Reformer and the Water Treatment & Electrical Facilities Interest.

Steam Methane Reformer

As a result of the Acquisition, Tidewater Renewables owns a 100% interest in the Steam Methane Reformer. The Steam Methane Reformer is an asset that is integrated into the current PGR operations and will be used to co-process renewable feedstocks such as canola and biocrude to produce Renewable Diesel.

The Steam Methane Reformer takes natural gas feedstock , connected through various pipelines, and steam generated from the PGR to create Grey Hydrogen. Currently the majority of the Grey Hydrogen produced at PGR is flared as the Company has no infrastructure to store or transport the Grey Hydrogen, nor is there an available local market for Grey Hydrogen.

Water Treatment & Electrical Facilities Interest

As a result of the Acquisition, Tidewater Renewables owns a 50% working interest in each of the water treatment facility and the electrical facility at the PGR.

The water treatment facility processes water effluent captured onsite in a closed and nitrogen-blanketed system in a water treatment plant with typical American Petroleum Institute oil/water separators. Heavy slop from this system is piped to truck loading racks and removed from the site where it undergoes additional biological and chemical treatment before being disposed of in accordance with applicable environmental regulations.

The electrical facility includes a 2,000 amp, 4,160 volt, bus in the Main Electrical Building ("**MEB**"), five main Electrical Buildings (each, an "**EB**") as well as other motor control center and switchgear areas. The electrical system includes the MEB and three substations (EB2, EB3, and EB6) which include new buildings, modern switchgear and protection systems.

The water treatment and electrical facilities are part of the PGR and will also support the operations of the Renewable Diesel and Renewable Hydrogen Complex, the Canola Co-Processor and the FCC Co-Processor. Both of these facilities are electrically driven and consume power from the local BC hydroelectric grid, which is 98% derived from clean sources.

Based on the Company's ownership interest in the Renewable Diesel Assets and the Renewable Hydrogen Assets, the net undiscounted asset retirement obligation associated with such assets is approximately $35,289,952 ($1,112,790 discounted at 9.0%).

RNG Business Unit

The RNG Business Unit consists of the RNG Capital Project and the RNG Assets.

RNG Capital Project

The Company's material RNG Capital Project is the RNG Facility Project.

RNG Facility Project

On April 4, 2022, the Company announced its strategic investments in RNG LP and in RCC. These investments aim to advance the Company's RNG business and secure long-term feedstock supply for its RNG business and its other renewable fuel businesses. The RNG LP investment includes the RNG Facility Project, being the RNG Facility, which is backstopped by the 20-year Offtake Agreement, and which includes the opportunity for additional RNG facilities in the future. The RNG Facility will convert feedlot manure to pipeline quality RNG with negative CI scores (meaning it takes more carbon out of the environment than it produces) through an anaerobic digestion and gasification process.

The Company agreed to invest $30 million in RCC in exchange for a 50% ownership of RCC, including its associated Feedlot Infrastructure and cattle inventory. The investment in RCC provides a long-term feedstock supply for the RNG Facility. RCC will continue to operate the Feedlot Infrastructure and Tidewater Renewables will operate the RNG Facility, each leveraging their own corporate expertise. The RNG Facility is expected to have a gross capital cost of approximately $80 million, before approximately $10 million of anticipated government support, of which $3 million has been received.

On October 17, 2022, Tidewater Renewables announced that RNG LP entered into a 20-year Offtake Agreement with FortisBC Energy Inc. Under the Offtake Agreement, FortisBC Energy Inc. expects to purchase up to 525,000 gigajoules of RNG annually from the RNG Facility.

On October 17, 2022, the Company advised that, through its investment in RCC, the Company expects to secure a significant source of the project's feedstock requirements for the entirety of the life of the project by the start of commercial operations of the RNG Facility.

On December 14, 2023, the Company received Environmental Protection and Enhancement Act ("**EPEA**") approval from the Government of Alberta's Ministry of Environment and Protected Areas for construction and operation of the RNG Facility. The Company continues to progress commercial and regulatory processes with respect to the RNG Facility, though the final investment decision on the RNG Facility remains subject to municipal land use approvals, commercial arrangements and final engineering and cost estimates.

RNG Assets

The RNG Assets consist of the Renewable Storage Reservoir Assets, the Renewable Storage Infrastructure Assets and the RNG Feedstock Assets.

The Renewable Storage Reservoir Assets and the Renewable Storage Infrastructure Assets are located at Tidewater Midstream's BRC in Alberta. The Company plans to expand such assets to become a dominant supplier of RNG to local gas utilities. Tidewater Renewables owns a 100% interest in the Renewable Storage Reservoir Assets, a 100% interest in the Renewable Storage Infrastructure Assets and a 50% interest in the RNG Feedstock Assets.

Renewable Storage Reservoir Assets

The Renewable Storage Reservoir Assets refer to the F-pool storage reservoir at BRC, which has capacity of 32 Bcf and daily injection rate of 30 MMcf/d (through one injection well) and a daily withdrawal rate of 12-15 MMcf/d (through one withdrawal well). In addition to existing natural gas storage operations, the Renewable Storage Reservoir Assets will also be used to store RNG and Renewable Hydrogen.

Renewable Storage Infrastructure Assets

The Renewable Storage Infrastructure Assets refer to certain associated infrastructure related to the Renewable Storage Reservoir Assets, including dedicated injection and withdrawal pipelines, a 1,480 horsepower compression site and two wells (one injection and one withdrawal).

RNG Feedstock Assets

The RNG Feedstock Assets refer to the Feedlot Infrastructure and cattle inventory associated with the RCC. The RNG Feedstock Assets provide a long-term feedstock supply for the RNG projects, including the RNG Facility. See "*Renewable Assets — RNG Business Unit — RNG Capital Project — RNG Facility Project*" and "*General Development of the Business — Three Year History — 2022*".

AGREEMENTS WITH TIDEWATER MIDSTREAM AND OTHER COUNTERPARTIES

In conjunction with the Acquisition of the Initial Assets from Tidewater Midstream, the Company and Tidewater Midstream entered into the Acquisition Agreements, the Shared Services Agreement, the Governance Agreement and the Investor Liquidity Agreement.

Acquisition Agreements

Agreements Relating to the Co-Processing Assets

In conjunction with the Initial Public Offering and the Acquisition, the Company and Tidewater Midstream entered into: (i) a purchase and sale agreement pursuant to which the Company acquired the Co-Processing Assets indirectly from Tidewater Midstream (the "**Co-Processing PSA**"); (ii) a construction, ownership and operating agreement governing the ownership of the Co-Processing Assets, as well as the allocation of operating costs (the "**Co-Processing CO&O Agreement**"); and (iii) a purchase and sale agreement pursuant to which Tidewater Midstream agreed to pay a fixed fee in exchange for capacity and or services related to the Co-Processing Assets (the "**Co-Processing Take-or-Pay Agreement**", and together with the "**Co-Processing PSA**" and the "**Co-Processing CO&O Agreement**", the "**Acquisition Agreements**").

The full text of the Acquisition Agreements are available on SEDAR+ at www.sedar.ca under the Company's profile.

Co-Processing PSA

Pursuant to the Co-Processing PSA, Tidewater Renewables acquired the Co-Processing Assets from Tidewater Midstream for aggregate consideration of $438.2 million (including $146.5 million in cash and the balance in Common Shares). The purchase by Tidewater Renewables of the Co-Processing Assets was on an "as is, where is" basis, except for the express representations, warranties and indemnities contained in the Co-Processing PSA.

Co-Processing CO&O Agreement

The Co-Processing CO&O Agreement outlines the operating procedure for the PGR. This operating procedure is based on the operating procedure contained in the 1999 Petroleum Joint Venture Association Model Construction, Ownership and Operating Agreement, subject to such elections and modifications as described in the Co-Processing CO&O Agreement. The majority of the modifications are to accommodate the unique operations of the Co-Processing Assets. The Co-Processing CO&O Agreement documents the terms of ownership of the Co-Processing Assets, the allocation of facility costs, the operation of the facility and the basis upon which the facility products are allocated and distributed. Tidewater Midstream and Tidewater Renewables are the only parties to the Co-Processing CO&O Agreement, as they are the only owners of the Co-Processing Assets. Pursuant to the Co-Processing CO&O Agreement, Tidewater Midstream was designated as the initial operator of the Co-Processing Assets.

The Co-Processing CO&O Agreement also specifies the capacity utilization within each functional unit of the facility. In particular, all substances delivered to the facility by Tidewater Midstream are allocated to Tidewater Renewables' ownership share of capacity up to a maximum volume equal to the committed volume specified in the Co-processing Take-or-Pay Agreement. The Co-Processing CO&O Agreement also sets out the order of cutbacks in the event that the applicable facility cannot handle all inlet substances delivered on a day and specifies that the volumes delivered by Tidewater Midstream pursuant to the Co-Processing Take-or-Pay Agreement, and which utilize Tidewater Renewables' capacity, have the highest priority and are last to be cutback.

Under the Co-Processing CO&O Agreement, Tidewater Renewables and Tidewater Midstream are responsible for capital and operating costs in proportion to their ownership interests in each functional unit in the Co-Processing Assets. See "*Renewable Assets*". The Co-Processing CO&O Agreement includes a mutual right of first refusal in the event that either party seeks to dispose of its interest in the Co-Processing Assets. This right of first refusal may impact the parties' ability to sell assets to third parties in the future.

Co-Processing Take-or-Pay Agreement

The Co-Processing Take-or-Pay Agreement outlines Tidewater Midstream's agreement to pay the Company a fixed fee for capacity and/or services in connection with the Co-Processing Assets. Such fees are paid per unit of inlet substance, whether or not such substances are actually delivered by Tidewater Renewables. The fees paid to the Company under the Co-Processing Take-or-Pay Agreement represent the Company's share of the Co-Processing Assets. The Co-Processing Take-or-Pay Agreement is subject to the Co-Processing CO&O Agreement. Under the Co-Processing Take-or-Pay Agreement, each of the Company's and Tidewater Midstream's proportionate share of the operating and maintenance capital costs of ownership of the applicable Co-Processing Assets shall be governed by the Co-Processing CO&O Agreement.

The Co-Processing Take-or-Pay Agreement is for an initial term of 15 years. Both the Company and Tidewater Midstream have the right to audit the books, records and accounts of the other party with respect to payments made to the Company, and deductions taken from the volumes received, for up to 24 months following the end of each applicable year.

Agreements Relating to the RNG & Hydrogen Storage Assets

In conjunction with the acquisition of the RNG & Hydrogen Storage Assets, the Company and Tidewater Midstream entered into: (i) the RNG & Hydrogen Storage PSA; (ii) the RNG & Hydrogen Storage Operating Agreement; and (iii) the RNG & Hydrogen Storage Take-or-Pay Agreement. The full text of these agreements are available on SEDAR+ at www.sedarplus.ca under the Company's profile.

RNG & Hydrogen Storage PSA

Pursuant to the RNG & Hydrogen Storage PSA, Tidewater Renewables acquired the RNG & Hydrogen Storage Assets from Tidewater Midstream for aggregate consideration of $100.3 million (including $33.5 million in cash and the balance in Common Shares). The purchase by Tidewater Renewables of the RNG & Hydrogen Storage Assets was on an "as is, where is" basis, except for the express representations, warranties and indemnities contained in the RNG & Hydrogen Storage PSA.

RNG and Hydrogen Storage Operating Agreement

The RNG & Hydrogen Storage Operating Agreement outlines the operating procedure for the RNG & Hydrogen Storage Assets. This operating procedure is based on the operating procedure contained in the 2003 Petroleum Joint Venture Association (PJVA) Model Contract Wells/Facilities Operating Agreement, subject to the elections and modification as described in the RNG & Hydrogen Storage Operating Agreement. The RNG & Hydrogen Storage Operating Agreement governs the conduct of operations of the RNG & Hydrogen Storage Assets, the allocation of responsibilities between Tidewater Midstream and Tidewater Renewables and the fees related thereto. Tidewater Midstream and the Company are the only parties to the RNG and Hydrogen Storage Operating Agreement.

RNG & Hydrogen Storage Take-or-Pay Agreement

The RNG and Hydrogen Storage Take-or-Pay Agreement outlines Tidewater Midstream's agreement to pay the Company a fixed fee for capacity and/or services in connection with one or more of the RNG & Hydrogen Storage Assets. The RNG and Hydrogen Storage Take-or-Pay Agreement is subject to the RNG & Hydrogen Storage Operating Agreement. Amounts paid to Tidewater Renewables under the RNG and Hydrogen Storage Take-or-Pay Agreement represent 100% of the Company's ownership share of the RNG & Hydrogen Storage Assets. Pursuant to the RNG & Hydrogen Storage Take-or-Pay Agreement, each of the Company's and Tidewater Midstream's proportionate share of the operating and maintenance capital costs of ownership of the applicable RNG and Hydrogen Storage Assets shall be governed by the RNG & Hydrogen Storage Operating Agreement.

Under the RNG & Hydrogen Storage Take-or-Pay Agreement, the Company agreed, during each year of the term of the agreements, to deliver the prescribed capacity and or related services in connection with the RNG & Hydrogen Storage Assets which Tidewater Midstream has a beneficial ownership interest to. The RNG and Hydrogen Storage Take-or-Pay Agreement volume commitment includes annual and monthly capacity commitments, in exchange for a fixed fee paid by Tidewater Midstream. The determination of the capacity commitments is made in accordance with a formula based upon capacity amounts, the number of days in the year, estimated number of non-operating days in the year and the estimated number of force majeure days in the year, as applicable.

Third-Party Storage Agreement

In conjunction with the acquisition of the RNG & Hydrogen Storage Assets, Tidewater Midstream assigned the Company all of its rights and interests in the Third-Party MSA. Pursuant to the Third-Party MSA, Tidewater Renewables and a third party effected certain transactions related to the RNG Assets owned by Tidewater Renewables and operated by Tidewater Midstream in accordance with the RNG and Hydrogen Storage Operating Agreement.

Shared Services Agreement

In conjunction with the Acquisition, the Company and Tidewater Midstream entered into the Shared Services Agreement. Under the Shared Services Agreement, Tidewater Midstream agreed to provide certain administrative services to the Company for an aggregate monthly fee initially set at cost plus 5%, and reimbursement of associated out-of-pocket costs and expenses. The Shared Services Agreement will remain in effect until the fifth anniversary of the Acquisition, subject to earlier termination or extension upon mutual agreement by the parties.

Employees of Tidewater Midstream that are providing services to Tidewater Renewables pursuant to the Shared Services Agreement perform similar services for Tidewater Midstream. Tidewater Renewables and Tidewater Midstream expect to continue achieving administrative and operational efficiencies, which will reduce the overall costs of operating Tidewater Renewables. It is anticipated that Tidewater Midstream's expertise will continue to ensure the effective operation and utilization of the Initial Assets.

The full text of the Shared Services Agreement is available on SEDAR+ at www.sedarplus.ca under the Company's profile.

Governance Agreement

In conjunction with the Acquisition, the Company and Tidewater Midstream entered into the Governance Agreement.

Under the Governance Agreement, for so long as Tidewater Midstream beneficially owns, directly or indirectly and on a non-diluted basis, not less than 40% of the issued and outstanding Common Shares (the "**TWM Ownership Requirement**"), Tidewater Midstream is entitled to nominate a number of members of the Board (each a "**TWM Board Member**") equal to either (i) two members of the Board, or (ii) 40% of the members of the Board (rounded up or down to the nearest whole number, if applicable), whichever is greater. The TWM Board Members may be directors, officers or employees of Tidewater Midstream or its affiliates. Subject to the ABCA, Tidewater Midstream is entitled to nominate replacement directors for any vacancy on the Board left following the departure of a TWM Board Member, provided that Tidewater Midstream remains, at that time, entitled to appoint such director. The Governance Agreement provides that the number of directors on the Board shall be fixed at five and shall not, unless unanimously agreed upon by the Board, be fixed at six. Under the Governance Agreement, if Tidewater Midstream does not meet the TWM Ownership Requirement but does beneficially own, directly or indirectly, greater than or equal to 10% of the outstanding Common Shares, then Tidewater Midstream shall be entitled to nominate its proportionate share of the members of the Board (rounded up to the next whole number) based on such percentage.

If an individual nominated by Tidewater Midstream fails to be elected by the Shareholders as a director of the Board, Tidewater Midstream shall have the right to designate such individual as an observer of the Board (a "**Board Observer**"). The Board Observer shall be entitled to: (i) receive notice of and to attend meetings of the Board and any committee of the Board; (ii) take part in discussions and deliberations of matters brought before the Board; (iii) receive notices, consents, minutes, documents and other information and materials that are sent to members of the Board or any committee of the Board; and (iv) receive copies of any written consent resolutions proposed to be adopted by the Board or any committee of the Board, including any resolution as approved. The Board Observer shall be entitled to receive such materials at substantially the same time and in substantially the same manner as the members of the Board, but the Board Observer shall not be entitled to vote on any matters brought before the Board. The Board Observer will also not be entitled to any compensation from the Company, except that reasonable out-of-pocket expenses of the Board Observer shall be reimbursed by the Company.

Under the Governance Agreement, the Company also provides Tidewater Midstream with certain rights to participate in future offerings of securities by the Company. Provided that Tidewater Midstream meets the TWM Ownership Requirement, and subject to limited exceptions, if the Company proposes to, or reasonably anticipates that it will, issue any Common Shares, debt securities or securities convertible into or exchangeable for such Common Shares or debt securities (the "**Offered Securities**"), the Company will first offer Tidewater Midstream the opportunity to subscribe for and acquire that number of Offered Securities equal in amount to Tidewater Midstream's then outstanding proportionate equity interest in the Company or any such lesser amount as Tidewater Midstream may elect to subscribe for at a subscription price as determined by the Board (the "**TWM Participation Rights**"). If the TWM Participation Rights are not exercised within the applicable periods provided for in the Governance Agreement, the Company may proceed to offer such unsubscribed Offered Securities within the period of 60 days after the expiration of such applicable period to any person provided that the terms of such offering shall not be more favourable than those offered to Tidewater Midstream.

The TWM Participation Rights will apply to any Offered Securities issued by the Company for proceeds other than cash, including in connection with any acquisition, business combination or similar transaction. In addition to the TWM Participation Rights, Tidewater Midstream will also be entitled to subscribe for, no more than once per fiscal quarter and at a market-based price or price as determined by mutual agreement between Tidewater Midstream and the Board, such number of additional Common Shares to allow Tidewater Midstream to maintain its proportionate ownership of Common Shares, or such lesser amount as Tidewater Midstream may determine, after giving effect to issuances of Common Shares by the Company pursuant to compensation plans or similar plans.

For so long as Tidewater Midstream is required to consolidate the results of operations and financial position of, or account for its investment in, the Company, the Company will provide Tidewater Midstream with certain financial information and data with respect to the Company and its business, properties, financial positions, results of operations and prospects, as may reasonably be required by Tidewater Midstream to meet its reporting obligations. In addition, the Company is obligated to, among other things: (i) maintain effective disclosure controls and procedures and to comply with applicable securities laws; (ii) provide financial reports to Tidewater Midstream in connection with each meeting of the Board and the Company's audit committee; (iii) prepare all financial and other information to be provided by the Company to Tidewater Midstream or filed with any securities regulatory authority in accordance with applicable securities laws; (iv) give Tidewater Midstream the opportunity to review and comment on the timing of any financial guidance in respect of the Company for a current or future period that the Company intends to publish or otherwise make public; (v) provide Tidewater Midstream with an opportunity to review and comment on drafts of all reports, notices and proxy and information statements to be filed with any securities regulatory authorities and changes thereto, particularly with respect to changes that would affect the financial statements or related disclosure of Tidewater Midstream; (vi) propose Deloitte LLP for appointment as the Company's auditor, unless Tidewater Midstream provides its prior written consent to the appointment of any other party as the Company's auditors; and (vii) cooperate fully, and use commercially reasonable efforts to cause the auditors of the Company to reasonably cooperate, with Tidewater Midstream in the preparation of any filings made by Tidewater Midstream with any securities regulator pursuant to applicable securities laws.

The Governance Agreement shall continue in force until the earlier of (i) the date on which the Governance Agreement is terminated; or (ii) the date on which Tidewater Midstream beneficially owns, directly or indirectly, less than 10% of the Company's issued and outstanding Common Shares (on a non-diluted basis). Certain rights and obligations under the Governance Agreement, other than the requirements for the Company to provide information to Tidewater Midstream as described in the foregoing paragraph and certain tax-related provisions, may be assignable to a transferee of Common Shares upon notice to the Company, other than in respect of transfers made pursuant to a public prospectus offering. See "*Risk Factors — Risks Relating to the Company's Relationship with Tidewater Midstream — Future Changes in Relationship with Tidewater Midstream*".

The full text of the Governance Agreement is available on SEDAR+ at www.sedarplus.ca under the Company's profile.

Investor Liquidity Agreement

In conjunction with the Acquisition, Tidewater Midstream and the Company entered into the Investor Liquidity Agreement. The Investor Liquidity Agreement provides that Tidewater Midstream and any direct or indirect transferee of Tidewater Midstream who shall become party to the Investor Liquidity Agreement (each a "**Holder**") may, at any time, request that the Company file a prospectus in any jurisdiction or jurisdictions of Canada (a "**Demand Registration**") in respect of the distribution of all or part of the Common Shares then held by the Holder ("**Registrable Securities**"). Upon receipt of a Demand Registration, the Company will be required to use its reasonable commercial efforts to file a prospectus to permit the offer and sale or other distribution of all or any portion of the Registrable Securities. The Company may satisfy its obligations through the use of a shelf prospectus and applicable shelf prospectus supplements or, in the case of a private placement, a private placement memorandum. Each Holder agrees to reasonably cooperate with the Company in connection with any required filings.

The Demand Registration rights are subject to certain limitations, including that: (i) other than in respect of a shelf prospectus, the Company is not obligated to file a prospectus in respect of a Demand Registration within 60 days after the effective date of a previously filed prospectus; and (ii) the Company shall not be obligated to file a prospectus in respect of a Demand Registration unless the Registrable Securities thereunder have a market value equal to at least $50 million as of the date of such request for Demand Registration. If the Company declines to effect a Demand Registration pursuant to (i) or (ii) above, and if the Holder then determines to withdraw the request for a Demand Registration, then such Demand Registration and the request therefor will be deemed to be withdrawn and such request will be deemed not to have been given.

In the event that a majority of the members of the Board who are not TWM Board Members (the "**Independent Directors**") determine that any Demand Registration would materially adversely affect a pending or proposed material transaction, or would require the disclosure of material non-public information that would have a material adverse effect on the Company and its subsidiaries (a "**Valid Business Reason**") then the Company may postpone the filing of a prospectus (or prospectus supplement, as applicable), or withdraw any such document that has already been filed, until such Valid Business Reason no longer exists, provided that such postponement or withdrawal shall not extend for a period of more than 90 days after receipt of the request for such Demand Registration ("**Postponement Rights**").

The Company may not exercise its Postponement Rights more than once in any 12-month period, and the Company will give written notice to Tidewater Midstream of its exercise of such Postponement Rights or of the fact that the Valid Business Reason for such deferral, postponement or withdrawal no longer exists, in each case, promptly after the occurrence thereof.

The Holder may revoke or withdraw a request for a Demand Registration, in whole or in part. If the Holder determines that the distribution of Common Shares pursuant to a Demand Registration would not be able to be sold in an orderly manner within a price range acceptable to the Holder ("**Demand Registration Orderly Sale Number**"), then the Company shall not qualify any such shares for distribution. In such case, the Company shall include in the distribution: (i) first, the number of Registrable Securities requested to be included in the Demand Registration; and (ii) second, such Common Shares equal to (X) the Demand Registration Orderly Sale Number less (Y) the number of Registrable Securities requested to be included in the Demand Registration.

If the Company proposes to distribute Common Shares through a preliminary prospectus, it will give notice of the proposed distribution to each Holder. Each Holder shall have the opportunity to qualify Registrable Securities for distribution thereunder. The Company will then use commercially reasonable efforts to include such Registrable Securities in the prospectus (a "**Piggy-Back Registration**") unless it determines that doing so would cause it to exceed the number of Common Shares that can be sold in an orderly manner within an acceptable price range ("**Piggy-Back Registration Orderly Sale Number**"). In such case, the Company shall include in the distribution: (i) first, the number of Common Shares proposed to be qualified for distribution by the Holder; and (ii) second, such Registrable Securities equal to (X) the Piggy-Back Registration Orderly Sale Number less (Y) the number of Common Shares proposed to be qualified for distribution by the Holder.

In the case of a prospectus or a supplement thereto filed in connection with a Demand Registration, the Holder will pay all applicable fees and expenses customarily paid by issuers or sellers of securities that are connected to the Company's performance of the Demand Registration. In the case of a Piggy-Back Registration or the Company's participation in a Demand Registration, such fees and expenses will be allocated between Holders and the Company in accordance with the proportionate number of Common Shares sold by each entity. All underwriting discounts, fees, expenses and transfer taxes in connection with the foregoing shall be paid by participating sellers under the distribution in accordance with the proportionate number of Common Shares sold by each entity.

The Investor Liquidity Agreement will continue in force until the earlier of the date on which: (i) there are no longer any outstanding Registrable Securities; (ii) the Holders, collectively, beneficially own, directly or indirectly, 10% or less of the issued and outstanding Common Shares; or (iii) the Investor Liquidity Agreement is terminated. Tidewater Midstream or its assignees may assign its rights and obligations under the Investor Liquidity Agreement to a transferee of Registrable Securities, upon notice to all parties to the Investor Liquidity Agreement, other than in respect of transfers made pursuant to a public prospectus offering.

The full text of the Investor Liquidity Agreement is available on SEDAR+ at www.sedarplus.ca under the Company's profile.

INDUSTRY

Overview of Renewable Energy Industry

Renewable energy is energy derived from natural resources that are replenished at a low environmental cost. There are various forms of renewable energy including solar, wind, geothermal, hydropower, solid biomass, biogas and liquid biofuels. Renewable energy has gained momentous support in recent years in an attempt to stabilize global temperatures.

In an attempt to address GHG emissions from high carbon intensity energy sources, interest and funding for renewables beyond conventional power alternatives, such as wind or solar power, is gaining momentum. Some non-conventional renewable sources include:

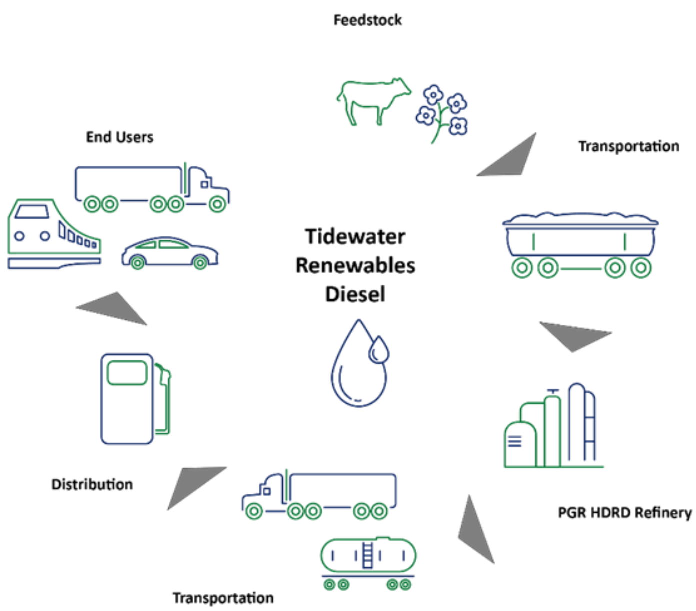
- **Renewable Diesel, Renewable Natural Gas and other fuels** — Renewable Diesel, Renewable Natural Gas, renewable naptha and other types of organic fuel sources used to displace fossil fuels and reduce GHG emissions. Recently announced clean fuels standards in North America and Europe reinforce the movement by governments to support low CI fuels as an important step towards a low carbon economy.

- **Renewable Hydrogen** — Due to its high efficiency and near zero emissions, Renewable Hydrogen has the potential to reduce GHG in many industries. The government of Canada and several Canadian provinces, such as Alberta and BC, have released hydrogen strategies to date.

- **Carbon Capture** — Carbon capture can provide a means of removing CO_2 from the atmosphere to offset emission or generate negative emissions.

Overview of Renewable Diesel

Renewable Diesel is a low GHG transportation fuel which is suitable for use in diesel engines. It is produced from biomass sources including various forms of lipids-rich feedstocks such as used cooking oil, fish oil, animal fats, corn oil, canola oil and soybean oil. Renewable Diesel is chemically identical to petroleum diesel fuel. It therefore makes an ideal fuel substitute without any blending limitations. Renewable Diesel is produced using a hydrotreating process which introduces hydrogen and catalysts to the biomass feedstock, under high temperatures and pressures, to remove oxygen and develop suitable molecular chains.



North American demand growth for Renewable Diesel is driven by the U.S. and Canadian federal and state/provincial programs, as well as by independent end users to reduce GHG emissions.

Renewable Diesel is often confused with biodiesel, given that the two products have similar feedstock. However, Renewable Diesel holds a number of competitive advantages over conventional biodiesel:

- **No Blend Wall** — Renewable Diesel can be put directly into engines, while biodiesel is subject to a maximum blending limit of 20% meaning Renewable Diesel is a drop-in substitute for diesel while biodiesel may only be blended up to a certain point before the resultant product is no longer able to be utilized as a substitute for diesel.

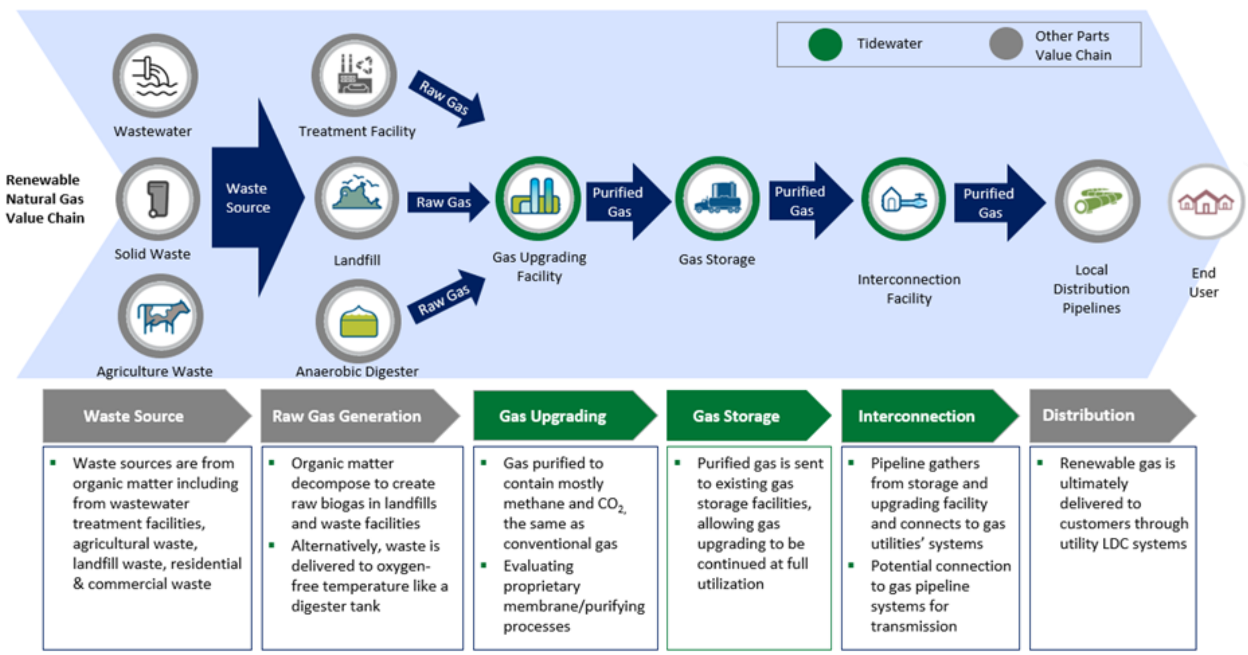
- **Cold Weather Reliability** — Oxygen in biodiesel makes it prone to separation and unsuitability in colder temperatures commonly found in Canada.

Management believes that the ability to fully substitute Renewable Diesel for conventional diesel creates a significant market for Renewable Diesel in central and northern BC as demand in such region is in excess of current locally-produced supply. As a result, this area has one of the highest diesel prices in North America. Accordingly, Management expects significant demand for the Renewable Diesel produced by Tidewater Renewables both locally and broadly. The substitution of Renewable Diesel for regular diesel produces a reduction in CI in the range of 80-90%, making the use of renewable diesel an effective way to meet increasing carbon reduction requirements. Management also believes that the outlook for demand and pricing for Renewable Diesel is favourable because it expects: (i) regulations related to carbon production (and the associated penalties/incentives) to continue to become more stringent; and (ii) voluntary carbon reduction initiatives to increase.

Overview of Renewable Natural Gas

RNG is a low or negative CI natural gas that is used as a direct substitute for conventional natural gas. RNG is an upgraded form of biogas that can be anaerobically generated from the decomposition of organic materials or through thermochemical means such as gasification. RNG is nearly identical to conventional natural gas and can be blended seamlessly in existing natural gas pipelines, where it is used for power generation, residential and industrial applications, bio-plastic feedstock or as vehicle fuel. RNG comes from a variety of sources including livestock farms, municipal solid waste landfills, wastewater treatment plants, waste products from food and beverage production, wood waste, biomass and organic waste management operations.

RNG reduces GHG by offsetting fossil fuel natural gas demand and reducing methane emissions from decomposition of feedstock. Approximately 50–65% of global methane emissions come from human activity, primarily from the energy industry, agricultural industry and landfills. RNG captures and combusts methane gas that would otherwise be vented in the atmosphere.



Common Biogas and RNG Feedstock include: (A) *Crop Residues* — crops like rice, wheat, sugar beet, sugar cane, soybeans and maize; (B) *Animal Manure* — From common livestock including cattle, swine, sheep, and poultry; (C) *Solid & Industrial Waste* — Waste in the form of paper, cardboard, scrap wood, and waste food from food processing; and (D) *Wastewater* — Recovered from sewage gas at wastewater treatment plants.

Overview of Hydrogen

Clean hydrogen produced from zero or low emission sources is at the forefront of the renewable energy transition.

There are three main ways of producing hydrogen: (A) *Grey, Black, and Brown Hydrogen* is produced using natural gas, coal or other fossil fuels as an input. To produce grey, black or brown hydrogen, a method called "steam methane reforming" is used. This process uses oxygen from high-temperature steam to separate methane and produce hydrogen; (B) *Blue Hydrogen* is produced in the same way as grey, black and brown hydrogen, however, blue hydrogen utilizes

CCUS to reduce GHG emissions by approximately 80-90%; and (C) *Green Hydrogen* is produced from water using electrolysis, where an electric current is used to break down water molecules into hydrogen and oxygen molecules. To qualify as green hydrogen, the electricity used in the process must be from a renewable or nuclear source.

Multiple incentives exist for greater hydrogen adoption in North America. Currently, direct incentives for hydrogen related development mainly come from federal government grants in the United States and Canada. The Canadian federal government has provided funding for hydrogen predominantly through Sustainable Development Technology Canada and more recently released its National Hydrogen Strategy in December, 2020. Moreover, several Canadian provinces, including Alberta, BC, Ontario and Quebec have released hydrogen strategies. Market opportunities for hydrogen in North America include hydrogen blending into gas-fired power generation, the addition of hydrogen directly into existing gas distribution systems and fuel for heavy duty transportation.

Overview of Carbon Capture, Utilization, and Storage

Carbon capture, utilization, and storage will be a main contributor to net-zero carbon emissions as it plays a role in hydrogen, sustainable biofuels and electrification. See "*Regulatory Framework — Canadian Clean Fuel Regulation (CFR)*".

CCUS

CCUS is a suite of technologies that involves the capture of CO_2 from power generation or industrial facilities. Alternatively, CO_2 can be captured directly from the atmosphere to offset the impact of emissions from the source. Captured CO_2 can either be used on site or compressed and transported to be used for enhanced oil recovery, as feedstock for synthetic fuels, in chemical applications or for building materials. It can also be injected into subsurface geological formations which store the CO_2.

CCUS Uses and Demand Drivers

Currently, approximately 230 million metric tonnes of CO_2 is used globally per year. The primary and largest use of CO_2 is in the production of fertilizers and enhanced oil recovery in the oil and gas industry. CO_2 is also used on a smaller scale in food and beverage production, water treatment and greenhouses. As CO_2 continues to be used, new opportunities for CCUS technologies arise. New uses for CO_2 include utilizing CO_2 to convert hydrogen to synthetic hydrocarbon fuels, to produce alternative fossil fuels and chemicals and to produce building materials such as concrete or other raw materials.

REGULATORY FRAMEWORK

See "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Regulatory Risks, Including Changes to National and Local Legislation*".

Governmental Regulation

The assets and projects of the Company are subject to federal, provincial and local air environmental regulations and permitting requirements, including construction and environmental permits. The Company's assets and projects must also maintain compliance with relevant federal, provincial, and local environmental, health and safety requirements. Regulatory and legislative factors also influence the price of renewable fuels and depend on the jurisdiction where the end product is sold. For greater clarity, the Company's assets and projects are in Canada (except for, its rail cars from time to time) and therefore subject to the Canadian laws and Clean Energy Regulatory Incentives.

Canadian Clean Fuel Regulation (CFR)

The CFR was established under the *Canadian Environmental Protection Act, 1999* on June 20, 2022. Certain components of the CFR are currently in force including, mandatory CI reductions for gasoline and diesel, and certain components of which will come into force in the future. Certain renewable projects are able to accrue CFR Credits prior to the effective date.

The CFR is an important part of Canada's approach to growing a cleaner and more competitive economy and one of the main regulations providing potential future incentives for the Company's business. The CFR will replace the former *Renewables Fuels Regulation* and aims to discourage the use of fossil fuels by increasing the price of those fuels when compared to lower-carbon alternatives. The CFR requires fossil fuel refiners and importers to make their supply cleaner and less polluting overall. The Government of Canada is generally following similar regulatory approaches that already exist in BC, California, Oregon, Washington and other jurisdictions.

The CFR mandates liquid fuel distributors to lower the CI of their products, with the aim of reducing pollution and GHG emissions. In addition, the CFR will continue to have credit creation opportunities for low carbon gaseous fuels like Renewable Hydrogen and Renewable Natural Gas. To drive the production and consumption of clean fuels, the CFR intends to accelerate investment and growth in clean fuel projects through the use of incentives for the development and adoption of clean fuels and clean fuel technologies and processes.

The CFR established a CFR Credit market, where each credit would represent a lifecycle emission reduction of one tonne of carbon dioxide equivalent. For each compliance period, a primary supplier must demonstrate compliance with their reduction requirement by creating credits or acquiring credits from other creators, and then using the required number of credits for compliance. CFR Credits are expected to be created by various low carbon fuel types, including Renewable Diesel, Renewable Natural Gas and Renewable Hydrogen.

Renewable Diesel can generate CFR Credits as a low CI liquid fuel. Low CI fuels are fuels, other than the fossil fuels subject to the CI reduction requirements, that have a CI equal to or less than 90% of the credit reference CI value for the fuel. CFR Credit quantification methodology for low CI fuels increasingly awards credits for further reductions to the CI of fuels, beyond the 90% reduction benchmark criteria.

The Company can choose to capture the value of the CFR Credits by selling Renewable Diesel production, Renewable Natural Gas production and Renewable Hydrogen production to a consumer with the CFR Credits embedded in the purchase price or through monetizing the credits separately in the open market.

In summary, the Renewable Diesel Business Unit, Renewable Hydrogen Business Unit and RNG Business Unit and associated volumes of renewable product sold in Canada are subject to the CFR and can generate credits thereunder.

Earning CFR Credits

CFR Credits, which may be transferred upon receipt, may be earned by a registered creator by either involvement in a CO_2 emission reduction project, production of a low CI fuel, or providing a low carbon energy source for vehicles.

See "*General Development of the Business — Three Year History — 2022*" regarding the details of the First CFR Credit Sale Agreement and the Second CFR Credit Sale Agreement.

To date the Company has not received any CFR Credits.

British Columbia Low Carbon Fuel Standard (BC LCFS)

In January 2010, the Government of BC instituted the BC LCFS program. The BC LCFS requires reductions in the lifecycle CI of transportation fuels supplied in BC, outlining that 5% of gasoline and 4% of diesel volumes must contain renewable fuel and annual BC LCFS compliance standard are met. Initially, fuel suppliers were required to progressively decrease the average CI of their fuels to achieve a 10% reduction in 2020 from a 2010 CI baseline. In December 2018, BC's Ministry of Energy, Mines and Petroleum Resources released their CleanBC Plan, announcing an increase of the CI target to 20% by 2030 relative to 2010 CI levels. In July 2020, these amendments to the BC LCFS came into effect. In 2022, BC increased the CI target to 30% by 2030, relative to 2010 CI levels. To date, BC is the only province with a LCFS scheme in Canada.

Complementing its CleanBC Plan, on March 26, 2021, the Government of BC announced a number of sector-specific emissions reduction targets, established with reference to 2007 emissions levels, that it aims to achieve by 2030, including reduction targets of 27–32% for the transportation sector, 33–38% for oil and gas, and 38-43% for other industry.

Fuel suppliers can comply with the BC LCFS by reducing the overall CI of the fuels they supply, blending renewable fuels into their existing fuel stream, acquiring credits from other fuel suppliers, or by entering into an agreement with the province that provides Part 3 credits for the construction of clean fuels projects.

Under section 6 of the BC LCFS, Part 3 Fuel Suppliers generate credits by supplying a fuel with a CI below the prescribed CI limit, and incur debits when supplying a fuel with a CI above the limit (e.g. petroleum-based gasoline and diesel). In addition, Part 3 Fuel Suppliers may also enter into Part 3 Agreements with the Director under the BC LCFS to take actions that would have a reasonable possibility of reducing GHG emissions through the use of Part 3 fuels sooner than would occur without the agreed-upon action.

The number of BC LCFS Credits received for the use of a certain pathway is calculated by taking the difference between the pathway's CI score and BC annual CI compliance standard/benchmark for gasoline or diesel (depending on the end use of the fuel). Revenue from the BC LCFS program is based on the number of credits received for the use of a certain pathway as a low-carbon transportation fuel and the then-current BC LCFS trading price.

As of January 1, 2024, there have been significant changes to the legislation underlying the BC LCFS scheme. The Greenhouse Gas Reduction (Renewable & Low Carbon Fuel Requirements) Act ("old Act") and regulations under that enactment have been repealed and replaced by the Low Carbon Fuels Act ("new Act") and new regulations. BC LCFS Credits and BC Part 3 Agreements created and recognized under the old Act continue to be valid under the new Act. Defined terms from the old Act (such as "Part 3 Fuel Supplier" and "Part 3 Agreement") are used in this report, and also refer to the equivalent defined terms in the new Act. If no new defined term has been proposed in the new Act, the definition under the old Act prevails.

Earning BC LCFS Credits

BC LCFS Credits, which credits may be transferred upon validation, may be earned by a BC Part 3 Fuel Supplier by either (i) supplying a fuel with a CI below the prescribed CI limit, or (ii) taking actions that would have a reasonable possibility of reducing GHG emissions through the use of Part 3 fuels sooner than would occur without the agreed-upon action (e.g. the construction of the Renewable Diesel & Renewable Hydrogen Complex). See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Project — Renewable Diesel Project*" for details regarding the anticipated BC LCFS Credits anticipated regarding the Renewable Diesel Project.

Monetization of BC LCFS Credits

Tidewater Renewables can choose to capture the value of the BC LCFS Credits by selling the forecasted renewable diesel production to a fuel producer with the BC LCFS Credits embedded in the purchase price or through monetizing the credits separately in the open market. See "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Price of BC LCFS Credits*".

See "*General Development of the Business — Three Year History*" for details regarding the First BC LCFS Credit Sale Agreement, the Second BC LCFS Credit Sale Agreement and the BC LCFS Credits that have been received and monetized by the Company.

Carbon Capture Utilization and Storage (CCUS)

CCUS is a technology that captures carbon dioxide from facilities, including industrial or power applications, or directly from the atmosphere. The captured carbon dioxide is then compressed and transported for permanent storage in underground geological formations or used to make new products such as concrete. See "*Industry — Overview of Carbon Capture, Utilization, and Storage*".

BORROWINGS

Credit Facility

Tidewater Renewables is currently party to a covenant-based, secured, credit agreement with a syndicate of Canadian banks (collectively, the "**Lenders**") providing for certain credit facilities in the aggregate principal amount of $175 million (collectively, the "**Credit Facility**"). The Credit Facility consists of a syndicated component, the syndicated facility, and an operating component, the operating facility. The operating facility is a revolving facility available up to an aggregate principal amount of $25 million. The syndicated facility is a revolving facility available up to an aggregate principal amount of $150 million.

The Credit Facility bears interest at the Agent's or prime lending rates, the secured overnight financing rate or bankers' acceptance rates, in each case plus applicable margins. An issuance fee equal to the applicable margin is payable in the case of letters of credit. Bankers' acceptances bear effective interest at the applicable Canadian dollar offered rate plus a stamping fee based upon the Company's debt to EBITDA ratio. The Credit Facility is subject to a number of customary covenants and restrictions. The Credit Facility has been made available for general corporate purposes, including financing ongoing working capital requirements, providing financing for construction capital and other growth opportunities. The Credit Facility matures on August 18, 2024, subject to customary extension provisions. In collaboration with its lenders, Tidewater Renewables is progressing the refinancing of the Credit Facility in advance of such maturity date.

The Credit Facility is not cross-collateralized with Tidewater Midstream's secured credit facility (the "**Tidewater Midstream Credit Facilities**"). Pursuant to an intercreditor agreement between, among others, the Company, the agent under the Credit Facility and the agent under the Tidewater Midstream Credit Facilities, the Company has agreed that the Lenders and the lenders under the Tidewater Midstream Credit Facilities may treat the Company and Tidewater Midstream as affiliated and consolidated entities in considering their total exposure, risk rating and capital allocation to the Company under the Credit Facility and Tidewater Midstream Credit Facilities, respectively, or for any other purpose, and may have regard to such considerations with respect to any extension, consent or waiver request or in taking any other discretionary action in respect of the Credit Facility or the Tidewater Midstream Credit Facilities, respectively. Notwithstanding the foregoing, the Credit Facility and the Tidewater Midstream Credit Facilities will not be subject to cross defaults nor will the Company and Tidewater Midstream be consolidated for the purposes of covenant testing or availability.

During 2023, the financial covenants under the Senior Credit Facility were waived from May 10, 2023 to December 31, 2023 (the "**Covenant Relief Period**"). The Company is now required to maintain certain quarterly financial covenants, beginning January 1, 2024. The quarterly financial covenants are calculated on a trailing-annualized basis and include a requirement to maintain a consolidated debt to Adjusted EBITDA ratio of less than or equal to 4.00:1; a first lien senior debt to Adjusted EBITDA ratio of less than or equal to 3.0:1; and an Adjusted EBITDA to interest coverage ratio greater than or equal to 2.5:1. The calculations for each of these ratios are based on specific definitions in the agreement governing the Credit Facility, are not in accordance with GAAP, and cannot be easily calculated by referring to the Company's financial statements.

AIMCo Facility

Tidewater Renewables is currently party to a covenant-based senior secured second lien credit agreement (the "**AIMCo Facility**") with an affiliate of AIMCo on behalf of certain of its clients, providing for a non-revolving term credit facility in the aggregate principal amount of $175 million. The AIMCo Facility consists of a tranche A facility in the aggregate principal amount of $150 million and a tranche B facility in the aggregate principal amount of $25 million. The tranche A facility matures on October 24, 2027, and the tranche B facility matures on August 18, 2024. The tranche B facility is subject to variable quarterly repayments which are based on a portion of the Company's adjusted cash flows. The calculation of these adjusted cash flows is based on specific definitions in the agreements governing the AIMCo Facility, are not in accordance with GAAP, and cannot be easily calculated by referring to the Company's financial statements.

The AIMCo Facility bears initial interest of 6.7% per annum (the "**Base Interest Rate**"), payable semi-annually. The Base Interest Rate will increase to 6.85% after three years, and to 7.25% after four years following the anniversary of the closing date, in each case, subject to certain inflation escalators. In particular, the AIMCo Facility's interest rate fluctuates directly with the rate of inflation as the interest rate payable thereunder is based on the Canadian Consumer Price Index ("**CPI**") rate plus an applicable margin. The Canadian CPI inflation rate adjustment used for the AIMCo Facility has a floor of 0% and a cap of 4% per annum. The AIMCo Facility is subject to a number of customary covenants and restrictions. The Credit Facilities have been made available for general corporate purposes, including to fund capital expenditures related to growth projects and acquisitions that are approved by the Board.

As part of the AIMCo Facility, Tidewater Renewables issued 3.375 million warrants to AIMCo (the "**AIMCo Warrants**"). Each AIMCo Warrant entitles AIMCo to purchase one Common Share at a price per share of $14.84, for a term of five years – until October 24, 2027. The exercise price reflects a 50% premium to the 10-day volume weighted average trading price of the Common Shares prior to closing of the AIMCo Facility. The AIMCo Warrants have a cashless exercise feature, which, if elected, can limit future dilution as in such circumstances only Common

Shares for the in-the-money value of the AIMCo Warrants are issued. Proceeds of the AIMCo Facility were used by Tidewater Renewables to repay 100% of the outstanding drawn credit under the Company's Credit Facility, repay 100% of the outstanding drawn credit on an RNG credit facility established by a wholly-owned subsidiary of the Company as well as enable the cancelation of such facility, for working capital, general corporate purposes and for growth projects. The AIMCo Warrants also have two unique features: (1) If the consumer price index is greater than 4% per annum prior to a repayment of all or part of the AIMCo Facility, then the exercise price of the AIMCo Warrants will be reduced by $2.00 per share go forward for that number of AIMCo Warrants proportional to the amount of principal repaid; and (2) AIMCo has the option to elect to be paid in cash (versus Common Shares) in connection with a cashless exercise, with the amount of cash payable per Common Share otherwise issuable equal to the weighted average price per Common Share for the 20 consecutive trading days ending before the applicable exercise date. If the Company is contractually restricted from making, or otherwise unable to make, some or all of such cash payment, then the Company will issue AIMCo the Common Shares to which it is entitled and will assist AIMCo in the sale of such Common Shares, with such sales to take place within 10 business days. The Company will be obligated to pay AIMCo certain market slippage costs (i.e. the difference between the trading price at the commencement of such sale process (the "**Market Price**") and the sale price actually received by AIMCo) of up to 15% of the Market Price (with unsold Common Shares being deemed to have such maximum slippage) plus broker fees and related costs in respect of Common Shares sold. If the Company is not permitted to make some or all of such cash payments in connection with such sale process, then the Company is obligated to issue AIMCo Common Shares on a private placement basis having a value equal to such unpaid amounts and applying the maximum pricing discounts permitted by the TSX.

During the Covenant Relief Period, the financial covenants under the AIMCo Facility were waived. During this Covenant Relief Period, the AIMCo Facility bore interest at 9.5% per annum. On January 1, 2024, the base interest rate for the tranche A facility reverts to 6.7% while the base interest rate for the tranche B facility remains 9.5%. The financial covenants under the AIMCo Facility are substantially the same as the Credit Facility, namely: (i) as at the end of each fiscal quarter, the EBITDA to interest coverage ratio will not be less than 2.50:1; (ii) as at the end of each fiscal quarter, the consolidated debt to EBITDA ratio will not be greater than 4.00:1; and (iii) as at the end of each fiscal quarter, the consolidated first lien senior debt to EBITDA ratio will not be greater than 3.00:1. The calculations for each of these ratios are based on specific definitions in the agreements governing the AIMCo Facility, are not in accordance with GAAP, and cannot be easily calculated by referring to the Company's financial statements.

CODE OF BUSINESS CONDUCT

The Board has adopted a Code of Business Conduct and Ethics (the "**Code**") which applies to all directors, officers, employees and certain contractors of Tidewater Renewables. The Code is available free of charge from Tidewater Midstream's office located at Suite 900, 222 – 3rd Avenue S.W., Calgary, Alberta, T2P 0B4.

In support of the Code, Tidewater Renewables has adopted business conduct policies covering various matters, including but not limited to ethics, disclosure, diversity and inclusion, insider trading and conflicts of interest. The Company has also adopted a number of specific procedures and guidelines to facilitate compliance with the Code and the various policies (collectively the "**Conduct Policies**"). Tidewater Renewables' Insider Trading and Reporting Policy is an example of such a policy. This policy prescribes blackout periods and outlines the circumstances in which Tidewater Renewables' directors, officers, employees and consultants will be restricted or prohibited from trading in securities of Tidewater Renewables. Another example is Tidewater Renewables' Disclosure and Confidentiality Policy, which is designed to facilitate broad, timely and informative dissemination of material information and to prevent selective disclosure, all in accordance with applicable securities rules and regulations. Additionally, the Board has adopted "Whistleblowing Procedures" which provides directors, employees and consultants of the Company with a confidential mechanism to raise concerns including (but not limited to) falsification of financial records, unethical conduct, harassment and theft. The Conduct Policies are periodically reviewed (and no less than annually) by the Board's Governance, Compensation, Safety and Sustainability Committee and updated as necessary and all are readily available to all Tidewater employees on Tidewater's website and intranet.

New directors, officers, employees and certain contractors are required to receive an orientation regarding the Conduct Policies when they commence their engagement with Tidewater Renewables.

CAPITAL STRUCTURE OF TIDEWATER RENEWABLES

The rights, privileges and restrictions on the Common Shares and the preferred shares in the capital of the Company ("**Preferred Shares**") are contained in the articles of Tidewater Renewables, as amended, which are available on SEDAR+ at www.sedarplus.ca under the Company's profile and on the Company's website at https://www.tidewater-renewables.com/.

There are currently no constraints imposed on the ownership of securities of the Company to ensure that the Company has a required level of Canadian ownership.

The Company has not asked for, nor has it received, a stability rating, or to the knowledge of the Company, has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for securities of the Company that are outstanding, and which continue in effect.

Authorized Shares

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series, without nominal or par value. As at the date hereof, 34,798,737 Common Shares are issued and outstanding as fully paid and non-assessable (34,762,521 Common Shares as at December 31, 2023). As of the date hereof there are no outstanding Preferred Shares.

Common Shares

The holders of Common Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attached to any Preferred Share, to dividends if, as and when declared by the Board, to one vote per share at meetings of the holders of Common Shares and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares.

Preferred Shares

The Preferred Shares may be issued in one or more series. The Board is authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The Preferred Shares are entitled to a priority over the Common Shares with respect to the payment of dividends and the distribution of assets upon the liquidation of the Company.

The first series of Preferred Shares was created pursuant to the Articles of Amendment filed on August 17, 2021 (the "**Series 1 Preferred Shares**"). The Series 1 Preferred Shares may be issued in exchange for property, other than a promissory note, or in exchange for Common Shares. The redemption amount of such shares shall be the value of the consideration paid therefor, and the Company may redeem such shares with notice and on payment of such redemption amount. The holders of Series 1 Preferred Shares may retract such shares with written demand to the Company.

DIVIDENDS

The Company does not currently anticipate paying any dividends on its securities in the near future. It may pay dividends in the future if and when operational circumstances permit. The actual dividends paid to Shareholders, if any, will depend on numerous factors including: (i) Company earnings; (ii) financial requirements for the Company's operations; (iii) the Company satisfying the liquidity and solvency tests in the ABCA; and (iv) any agreements relating to the Company's indebtedness that restrict the declaration and payment of dividends. The payment of dividends is not guaranteed and the amount and timing of any dividends payable is at the discretion of the Board. See "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Dividends*".

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSX under the symbol "LCFS". The following table sets out the price range (monthly high and low sales prices) of the Common Shares and consolidated volumes traded for the periods indicated (as reported by the TSX).

Period	High ($)	Low ($)	Volume
2023			
January	11.91	10.99	47,600
February	11.49	10.61	59,800
March	11.09	7.98	162,600
April	8.99	8.15	472,300
May	8.55	7.05	106,700
June	8.50	6.90	163,700
July	8.80	8.00	137,500
August	8.73	7.85	47,600
September	8.76	8.10	77,000
October	8.25	7.36	58,300
November	7.69	6.68	331,500
December	8.07	7.10	117,200

Prior Sales

The following table summarizes the issuances of unlisted securities for the year ended December 31, 2023:

Description of Security	Date Issued	Number / Aggregate Value of Securities Issued	Issuance/Exercise Price Per Security
Restricted Share Units	April 19, 2023	43,808(1)	N/A
Deferred Share Units	April 19, 2023	15,000(2)	N/A
Options	April 19, 2023	25,045(3)	$8.44
Performance Share Units	April 19, 2023	$317,800(4)	N/A
Restricted Share Units	May 24, 2023	2,430(1)	N/A
Options	May 24, 2023	72,368(3)	$8.25
Restricted Share Units	June 5, 2023	1,215(1)	N/A
Options	June 5, 2023	3,270(3)	$7.02
Restricted Share Units	August 11, 2023	184,275(1)	N/A
Options	August 11, 2023	159,200(3)	$8.46
Deferred Share Units	August 18, 2023	5,000(2)	N/A
Restricted Share Units	November 10, 2023	278,110(1)	N/A
Options	November 10, 2023	52,104(3)	$6.82
Performance Share Units	November 10, 2023	$320,000(4)	N/A
Deferred Share Units	November 24, 2023	15,000(2)	N/A

(1) Refers to a Restricted Share Unit of the Company granted pursuant to the Restricted Share Unit plan of the Company.

(2) Refers to a Deferred Share Unit of the Company granted pursuant to the Deferred Share Unit plan of the Company.

(3) "**Option**" means a stock option to acquire a Common Share granted pursuant to the stock option plan of the Company, as amended and restated.

(4) Refers to a Performance Share Unit of the Company granted pursuant to the Performance Share Unit plan of the Company. The Performance Share Units are a cash value equivalent which are used to purchase Common Shares in the open market. The Company has determined that no further Performance Share Units will be granted under the Performance Share Unit plan, but such plan will remain in place in respect of the outstanding Performance Share Units.

DIRECTORS AND EXECUTIVE OFFICERS

Directors of Tidewater Renewables

The name, municipality of residence, principal occupation during the five preceding years, period of service as a director and committee membership for each of the directors of Tidewater Renewables as at the date hereof are set out below:

Name, Residence, Principal Occupation During the Five Preceding Years and Period of Service as a Director	Position on Committees of the Board
Jeremy Baines[(1)] Calgary, Alberta, Canada Mr. Baines has been a director and the Chief Executive Officer at Tidewater Renewables and Tidewater Midstream since January 22, 2024. Mr. Baines was the President and Chief Executive Officer of Campus Energy Partners a new energy infrastructure and supply company, from 2019 to January 2024. In 2018, Mr. Baines was the Senior Vice President, Strategic Project, at AltaGas Ltd. Prior thereto, he was Chief Financial Officer of Torq Energy Logistics from January 2015 to 2017. Mr. Baines holds his Bachelor of Science from the University of Lethbridge, and his Master of Business Administration from the University of Alberta. He holds a Canadian Institute of Chartered Business Valuators (CBV) designation and a Chartered Professional Accountant (CPA) designation.	Mr. Baines is: • Chair of the Board • Not a member of any committee of the Board.
Margaret (Greta) Raymond Calgary, Alberta, Canada Ms. Raymond has been a director of the Company since July 12, 2021 and a director of Tidewater Midstream since May 25, 2017. Ms. Raymond is an experienced environment, health and safety and human resources professional with many years in the oil and gas industry. Between 2009 and 2020, Ms. Raymond was the President of her own consulting firm where she acted as a consultant and advised corporate boards of directors and executives on operational and environment, health and safety risk management and governance. Ms. Raymond was formerly Vice President Environment, Safety and Social Responsibility with Petro-Canada from 2006 to 2009. She was responsible globally at Petro-Canada for environment, health, employee assistance programs, safety, aboriginal affairs, security, stakeholder relations, emergency response and crisis management as well as corporate responsibility. Ms. Raymond holds her B.A. in Human Biology from Stanford University, (Palo Alto, CA) and her Masters of Public Health, Environmental Health, from the University of California (Berkeley, CA). She also holds her ICD.D designation from the Institute of Corporate Directors, Directors Education Program, University Calgary, Haskayne School of Business (2007).	Ms. Raymond is: • Member of the Audit Committee • Chair of the Governance, Compensation, Safety and Sustainability Committee • Nominee of Tidewater Midstream pursuant to the Governance Agreement.

Name, Residence, Principal Occupation During the Five Preceding Years and Period of Service as a Director	Position on Committees of the Board
John Adams Ottawa, Ontario, Canada Mr. Adams has been a director of the Company since July 12, 2021. Mr. Adams is President and Chief Executive Officer of NGIF Capital Corporation and Managing Partner of NGIF Cleantech Ventures, Canada's first venture capital firm and venture fund created by and for Canada's natural gas sector. He is involved in all aspects of the enterprise including the responsibility of its three divisions: NGIF Industry Grants, the NGIF Emissions Testing Centre and NGIF Cleantech Ventures. Mr. Adams' principal occupation is as Managing Partner of NGIF Cleantech Ventures. He brings over 25 years' experience and is deeply rooted in the cleantech, financing and energy ecosystem of Canada. Prior to NGIF Capital Corporation, Mr. Adams was the Managing Director of the Natural Gas Innovation Fund at the Canadian Gas Association ("**CGA**"). There, he was responsible for bringing the fund from a concept into a fully operational cleantech innovation fund with a portfolio of startups supporting Canada's natural gas energy sector, including the production, transmission and end-use distribution of natural gas. In this role he raised capital from its industry investors for project investments, built strategic partnerships and was accountable for the fund's investment process, governance, investment strategy, portfolio management, corporate performance and entrepreneurial support. Prior to the Natural Gas Innovation Fund at CGA, Mr. Adams worked at Sustainable Development Technology Canada starting in 2011, and occupied a range of increasingly senior positions over a five-year span. He joined as Director, Applications/Funding Advisory in 2011, and proceeded to become Director, Stakeholder relations in 2012, Vice President Industry in 2013, and Executive Director in 2016. While at Sustainable Development Technology Canada, Mr. Adams raised almost $40 million in partnership agreements with industry and federal/provincial government agencies, led a series of national funding competitions and created a national Virtual Incubator. Prior to Sustainable Development Technology Canada, Mr. Adams was with Mitsui & Co. (Canada) Ltd. holding positions in infrastructure business and international trade. Mr. Adams graduated from University of Toronto in 1991 with a bachelor's degree in science, specializing in environmental science and is a graduate of the Berkley Venture Capital Executive Program. Mr. Adams currently sits on the board of directors of the $100 million Clean Resources Innovation Network and is a member of its Finance and Audit Committee; and is a member of the International Gas Union's Research, Development, and Innovation Committee.	Mr. Adams is: • Lead Independent Director • Chair of the Independence Committee • Member of the Audit Committee • Member of the Governance, Compensation, Safety and Sustainability Committee
Jeffrey Hamilton[(2)] Calgary, Alberta, Canada Mr. Hamilton has been a director at Tidewater Renewables since March 13, 2024. Mr. Hamilton is currently the Founder and Chief Executive Officer of Longwing Capital Advisors. Prior thereto, he was the Managing Director, Head of Canada Investment Banking, with Bank of America Securities, from 2019 to 2021, and the Managing Director, Head of Energy & Power, Investment Banking, with Bank of America Securities, from 2015-2018. Mr. Hamilton holds his Master of Business Administration from Columbia Business School and Juris Doctor from the University of Toronto, Faculty of Law.	Mr. Hamilton is: • Chair of the Audit Committee • Member of the Governance, Compensation, Safety and Sustainability Committee • Member of the Independence Committee

(1) Jeremy Baines was appointed to the Board on January 22, 2024 following Robert Colcleugh stepping down from his position on the Board.

(2) Jeffrey Hamilton was appointed to the Board on March 13, 2024.

In accordance with the articles of Tidewater Renewables, directors are to be elected annually by the Shareholders. Between annual meetings, the Board has the authority to appoint one or more additional directors to serve until the next annual meeting provided that the number of directors so appointed does not exceed one-third of the number of directors holding office at the expiration of the last annual meeting. Tidewater Midstream also has certain board nomination rights pursuant to the Governance Agreement (see "*Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement*").

Officers of Tidewater Renewables

The name, municipality of residence, position held and principal occupations during the five preceding years for each of the officers of Tidewater Renewables are set out below:

Name and Municipality of Residence	Position with Tidewater Renewables	Principal Occupation
Jeremy Baines[1] Calgary, Alberta, Canada	Chief Executive Officer	Mr. Baines has been the Chief Executive Officer of Tidewater Renewables since January 22, 2024. Previously, Mr. Baines was the President and Chief Executive Officer of Campus Energy Partners, a new energy infrastructure and supply company, from 2019 to January 2024. In 2018, Mr. Baines was the Senior Vice President, Strategic Project, at AltaGas Ltd. Prior thereto, he was Chief Financial Officer of Torq Energy Logistics from January 2015 to 2017. Mr. Baines hold his Bachelor of Science from the University of Lethbridge, and his Master of Business Administration from the University of Alberta. He holds a Canadian Institute of Chartered Business Valuators (CBV) designation and a Chartered Professional Accountant (CPA) designation.
Raymond Kwan Calgary, Alberta, Canada	Chief Financial Officer	Mr. Kwan has been the Chief Financial Officer of Tidewater Renewables since September 22, 2022. Previously, Mr. Kwan was a Managing Director at BMO Capital Markets, where he worked from October 2015 to July 2022 in roles with progressively increasing responsibility. Mr. Kwan obtained his Bachelor of Science in Chemical Engineering at the University of Alberta (2003), his Chartered Financial Analyst designation in 2012 and is a Professional Engineer (P.Eng.).
Andrea Decore Calgary, Alberta, Canada	Executive Vice President, Strategy & Corporate Development	Ms. Decore has been the Executive Vice President, Strategy & Corporate Development of Tidewater Renewables since August 10, 2023. Ms. Decore has over 25 years of energy industry experience in a broad range of roles, including refined products marketing & trading, mergers & acquisitions, midstream infrastructure development and supply chain management. Most recently, as Vice President Low Carbon Fuels & GHG Offsets, she was responsible for building and operating Suncor Energy's renewable fuels and low carbon hydrogen business. Until April 2023 she served on the boards of both Enerkem Inc., a clean technology company based in Montreal, and LanzaJet, Inc., a sustainable aviation fuels technology company based in Chicago. Previously, she was Suncor's Vice President of Strategy & Corporate Development. Ms. Decore has a law degree from the University of Calgary and a Bachelor of Arts degree from the University of British Columbia.
Bryan Morin Calgary, Alberta, Canada	Chief Legal Officer and Corporate Secretary	Mr. Morin has been the Chief Legal Officer and Corporate Secretary of Tidewater Renewables since February 13, 2023. He was previously the Director, Legal and Corporate Secretary of the Company. Prior thereto, Mr. Morin was the Director, Legal and Assistant Corporate Secretary of Tidewater Midstream. Previously, Mr. Morin was Legal Counsel at TransAlta Corporation, where he worked from October 2016 to November 2020, predominantly with the Mergers and Acquisitions and Renewable Development teams. Prior thereto, he practiced at Burnet, Duckworth & Palmer LLP. Mr. Morin obtained his Bachelor of Arts in Political Science (Distinction) from the University of Calgary (2008) and his *Juris Doctor* from the University of Manitoba (2011)

(1) Jeremy Baines was appointed to the Board on January 22, 2024 following Robert Colcleugh stepping down from his position on the Board. Mr. Baines provides forty percent (40%) of his time towards the Company, and the remaining sixty percent (60%) towards Tidewater Midstream.

Security Holding by Directors and Officers

As at the date hereof, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 6,071 Common Shares, representing approximately 0.02% of the issued and outstanding Common Shares. Certain of the directors of the Company are also directors or executive officers of Tidewater Midstream, which owns 68.68% of the issued and outstanding Common Shares as at the date hereof. See "*Directors and Executive Officers — Conflicts of Interest*".

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons):

- is, as of the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- is, as of the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Company) that: (i) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Director, executive officer or Shareholder.

To the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons), or Shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain of the directors and executive officers of the Company are engaged in, and may continue to be engaged in, other activities in the industries in which the Company operates. Jeremy Baines and Margaret (Greta) Raymond are directors and/or executive officers of Tidewater Midstream. Tidewater Midstream is a party to certain agreements as described under "*Agreements with Tidewater Midstream and Other Counterparties*" and "*Material Contracts*". Tidewater Midstream is not prohibited from competing with the Company or its affiliates.

To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA which relate to the disclosure of material interests by directors and officers.

Insurance Coverage and Indemnification

The Company maintains liability insurance for its directors and officers with coverage and terms that are customary for a company of its size and industry. In addition, the Company has entered into indemnification agreements with each of its directors and officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors and officers, so long as the indemnitees acted honestly and in good faith with a view to the best interests of the Company and, with respect to criminal or administrative actions or proceedings that are enforced by monetary penalty, if the indemnitee had no reasonable grounds to believe that his or her conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by the Company.

AUDIT COMMITTEE INFORMATION

Audit Committee

The Audit Committee is comprised of Mr. Hamilton, Ms. Raymond, and Mr. Adams, all of whom are independent and financially literate within the meaning of that term under NI 52-110 — *Audit Committees*. Mr. Bregazzi served as Chair of the Audit Committee until January 19, 2024, at which time Mr. Adams began serving as Chair of the Audit Committee. On March 13, 2024, Mr. Hamilton was appointed to the Board and, on the recommendation of the Governance, Compensation, Safety and Sustainability Committee, was further appointed to succeed Mr. Adams as Chair of the Audit Committee. The specific responsibilities of the Audit Committee are set out in the Audit Committee Mandate and Terms of Reference, a copy of which is attached to this AIF as Schedule "A". The Audit Committee's primary roles are to: (i) review Management's identification of financial risks and monitor the process to manage such risks; (ii) oversee and monitor the Company's compliance with legal and regulatory requirements; (iii) oversee and monitor the integrity of the Company's accounting and financial reporting processes, financial statements and system of internal controls regarding accounting and financial reporting and accounting compliance; (iv) oversee audits of the Company's financial statements; (v) oversee and monitor the qualifications, independence and performance of the Company's external auditors; (vi) provide an avenue of communication among the external auditors, Management, accountants and the Board; and (vii) report to the Board regularly.

The Company believes that each of the members of the Audit Committee possesses substantially all of the following: (i) an understanding of the accounting principles used by the Company to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting. For a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, see "*Directors and Executive Officers — Directors of Tidewater Renewables*".

During the year ended December 31, 2023 and briefly during the first quarter of 2024, due to the resignations of certain audit committee members, the Company relied on the exemption in section 3.5 of Form 52-110F1 – *Audit Committee Information Required in an AIF*, from the requirement under NI 52-110 – *Audit Committees*, that each member of the audit committee be independent.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services, as described in the Audit Committee Charter.

External Auditor Service Fees

The table below provides disclosure of the fees billed to the Company by its external auditors for each of the fiscal periods noted below, dividing the services into the categories of work performed:

Financial Year Ending	Audit Fees(1)	Audit Related Fees(1)	Tax Fees(1)	All Other Fees(1)
2022	$230,000	$71,000	$0	$84,000
2023	$213,565	$0	$0	$33,000

(1) "**Audit Fees**" are the aggregate fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements billed by the Company's external auditor. "**Audit-Related Fees**" are the aggregate fees billed by the Company's external auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as audit fees. During 2023, the nature of the services provided included review of security filings. "**Tax Fees**" are the aggregate fees billed by the Company's external auditor for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. "**All Other Fees**" are the aggregate fees billed by the Company's external auditor for products and services other than those described as "Audit Fees", "Audit Related Fees" and "Tax Fees". During 2023, the nature of the services comprising such fees was translation services.

RISK FACTORS

An investment in the Common Shares is highly speculative due to the high risk nature and stage of development of the Company's business.

Tidewater Renewables faces a number of risks in its normal course of business which can be categorized into two principal categories: (i) risks relating to the Company's business, industry and operating environment including financial, legal, regulatory and strategic risks; and (ii) risks relating to the Company's relationship with Tidewater Midstream. In some instances, a certain risk may be applicable to more than one category. The Company has classified such risks based on the primary category in terms of how they affect Tidewater Renewables. The most significant risks in each category are listed first, based on the Company's current assessment of each risk. To the extent the Company's business or operations are affected by these risks, there could be an adverse effect on the financial performance of Tidewater Renewables.

The Company continually works to identify and evaluate significant risks and to develop and maintain appropriate strategies to mitigate the impact of potential risks to its business. The Company's approach to risk management is integrated into its overall approach to decision making (both formal and informal) and also includes formal risk reviews with respect to certain matters. The summary provided below describes the main risks known to the Company and also identifies some of the steps that the Company takes to mitigate these identified risks.

All statements regarding the Company's business should be viewed in light of these risk factors. Investors should consider carefully whether an investment in the Common Shares is suitable for them in light of the information in this AIF and their personal circumstances. If any of the identified risks were to materialize, the Company's business, financial position, results and/or future operations may be materially affected. Additional risks and uncertainties not presently known to the Company, or which the Company currently deems not to be material, may also have an adverse effect upon the Company and the Common Shares.

Readers should carefully consider all of the information set out in this AIF before making an investment decision. Readers are cautioned that this summary of risks may not be exhaustive, as there may be risks that are unknown and other risks that may pose unexpected consequences. Further, many of the risks are beyond the Company's control and, in spite of the Company's active management of its risk exposure, there is no guarantee that these risk management activities will successfully mitigate such exposure.

Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment

Health and Safety

The Company's business is subject to hazards of producing, gathering and processing hydrocarbon products, including, blowouts, fires, explosions, gaseous leaks, releases and migration of harmful substances and acts of vandalism and terrorism. Any of these hazards can interrupt operations, impact the Company's reputation, cause loss of life or personal injury, result in loss of or damage to equipment, property, information technology systems, related data and control systems and cause environmental damage.

Some of the tasks undertaken by employees and contractors are inherently dangerous and have the potential to result in serious injury or death.

The Company is subject to laws and regulations governing health and safety matters, protecting both members of the public and personnel. Occupational health and safety regulations differ in each jurisdiction. Any breach of these obligations, or serious accidents involving the Company's personnel or the public could expose the Company to material adverse regulatory consequences, including the forfeit or suspension of operating permits, litigation, claims for material financial compensation, reputational damage, fines or other legislative sanction, all of which have the potential to impact the Company's financial results. Furthermore, as the Company is not the operator of the Co-Processing Assets and RNG and Hydrogen Storage Assets, the Company has a limited ability to influence health and safety practices and outcomes which may involve drilling hazards, environmental damage and various field operating conditions, including, delays in obtaining permits, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

The Company stores fuels in above ground storage tanks and transports fuel by trucks and railcars, and such operations are subject to significant hazards and risks inherent in transporting and storing fuel which could result in distribution difficulties and disruptions, environmental pollution, governmentally-imposed fines or clean-up obligations, personal injury or wrongful death claims and other damage to life or property. The Company generally maintains insurance to mitigate costs associated with such events, but there can be no assurance that its insurance would be sufficient to cover liabilities it may suffer upon the occurrence of such events. Any such event not covered by the Company's insurance could have a material adverse effect on the Company's business, financial condition and results of operations.

No assurances can be given that the occurrence of any of such events or workers' health and safety issues relating thereto will not require unanticipated expenditures, or result in fines, penalties or other consequences material to the Company's business and operations.

Operating Risk, Maintenance Risk and Infrastructure Service Interruptions

Tidewater Renewables' businesses are subject to the risks normally associated with the production of renewable fuels, including, mechanical failure, logistics problems, physical degradation, operator error, activist activity, sabotage, terrorism, extreme weather, natural disasters, fires, floods, explosions, earthquakes and other similar events. These types of events could result in injuries to personnel, damage to property and the environment, unplanned outages, prolonged downtime for maintenance and repair, increased operation and maintenance expenses and reduced revenues. The occurrence or continuation of any of these events could reduce the ability of the Company to produce, process, store, transport and distribute renewable fuels and result in significant losses for which insurance may not be sufficient or available. Environmental damage could also result in increased costs to operate and insure Tidewater Renewables' assets and have a negative impact on Tidewater Renewables' reputation.

The Company derives a substantial portion of the Company's profitability from the production of renewable fuels from the Company's assets located at the PGR and any interruption in these operations would have a material adverse effect on operations and financial conditions. Risks related to such assets include access to feedstock at cost-effective prices, failure to adequately contract with third parties for offtake of products from such assets, power shortages, labour and material shortages, market access, direct and indirect risks related to regulatory requirements including the discharge and management of storm water and processed water and risks related to local opposition to the assets. If production at the PGR were interrupted due to any reason, it would have a disproportionately significant and material adverse impact on the Company's operations and financial conditions. The operation and maintenance of the Company's facilities involves risks that may materially and adversely affect the Company's business. There can be no assurance that the Company's maintenance program will be able to detect potential failures in its facilities prior to occurrence or eliminate all adverse consequences in the event of failure. In addition, weather related interference, work stoppages and other unforeseen problems may disrupt the operation and maintenance of the Company's facilities and may materially and adversely affect the Company.

While the Company maintains an inventory of, or otherwise make arrangements to obtain, spare parts to replace critical equipment and maintains insurance for property damage to protect against certain operating risks, these protections may not be adequate to cover lost revenues or increased expenses and penalties which could result if the Company is unable to operate its facilities at a level necessary to comply with sales contracts. Operating and capital costs associated with the Company's business may vary considerably from current and forecast values and rates and represent significant components of the cost of providing service. In general, as equipment ages, maintenance capital expenditures and maintenance expenses with respect to such equipment may increase over time.

As the Company continues to grow and diversify its energy transition focused renewable fuel and energy infrastructure businesses, the risk profile of Tidewater Renewables may change.

Lack of Operating History and Track Record

Tidewater Renewables was established upon closing of the Initial Public Offering and completion of the Acquisition and, as a result, has limited operating history with respect to the ownership and operation of the Initial Assets before that time. Accordingly, there may not be a reliable basis for evaluating the Company's business prospects or the future value of the Common Shares. In addition, the Company's business strategy may not be successful, and, if unsuccessful, the Company may be unable to modify it in a timely and successful manner. The Company cannot give a prospective investor any assurance that it will be able to continue to implement its strategy on a timely basis, if at all. The Company may also be subject to both transition and growth-related risks, including capacity constraints and pressure on its internal systems and controls. Accordingly, an investment in the Common Shares is speculative and subject to a higher degree of risk.

The most significant exposure faced by the renewable energy business is related to a lack of operating history. Many of the technologies, processes and companies engaged in renewable energy production, transportation and marketing are new to the business and industry. With renewable energy being an emerging industry there is risk associated with forecasting the Company's future performance. To mitigate this risk, Tidewater Renewables has:

- engaged Tidewater Midstream to operate the Initial Assets (Tidewater Midstream has extensive experience operating the Initial Assets);
- signed long-term take-or-pay contracts for the Initial Assets; and
- selected the Initial Assets for their optionality to produce or store both conventional and renewable fuels.

Historically, the Initial Assets were operated as part of Tidewater Midstream. Employees of Tidewater Renewables had access to Tidewater Midstream's resources, including the systems, business contacts, financial resources and expertise of senior management. Other than for the limited purpose and limited time specified in the Shared Services Agreement, the Company does not have the same access to Tidewater Midstream's expertise and resources. There can be no assurance that the Company will have similar expertise or resources through internal sources or contractors. If such expertise or resources can be obtained on the same basis, there can be no assurance that it will be at the same or lesser cost, as provided historically by Tidewater Midstream. See "*Agreements with Tidewater Midstream and Other Counterparties — Shared Services Agreement*".

The Company may not be successful in implementing its business strategy. As a result, the Company may experience fluctuations in its results, which may vary from those projected by Management. In addition, the forward-looking statements contained in this AIF are subject to uncertainties that are due, in part, to the Company's limited operating history.

Price of BC LCFS Credits

The Company cannot predict with any certainty the future trading price of the BC LCFS Credits, CFR Credits or other Environmental Attributes. The profitability of the Company's operations will be seriously affected by changes in prices of such Environmental Attributes. The price of such Environmental Attributes may be subject to volatility or, while unexpected, may decrease. If such future trading prices are insufficient, the future of the Company would be uncertain and the Company's business and financial condition will suffer.

The Company earns BC LCFS Credits by both (i) supplying a fuel with a CI below the prescribed CI limit and (ii) taking actions that would have a reasonable possibility of reducing GHG emissions through the use of Part 3 fuels sooner than would occur without the agreed-upon action (such as building and producing Renewable Diesel at the Renewable Diesel & Renewable Hydrogen Complex).

Upon earning such BC LCFS Credits, under the BC LCFS, other Part 3 Fuel Suppliers may purchase validated credits in order to achieve compliance with the low carbon fuel requirements.

BC LCFS Credits market prices are determined primarily by the supply and demand of BC LCFS Credits as well as any future expectations thereof. Such prices are affected by numerous factors beyond the Company's control, including number of pathways that can generate BC LCFS Credits, supply of renewable products entering BC, number of competing projects currently operational or planned to enter service that will supply the BC LCFS market with renewable products, the demand for BC LCFS Credits by other Part 3 Fuel Suppliers and the supply of BC LCFS Credits by other Part 3 Fuel Suppliers.

If BC LCFS Credit prices should decline and remain at low market levels for a sustained period, the Company could determine that it is not economically feasible to continue activities. Volatility or decrease in price may have a significant and negative impact on the value of the Company's assets, its financial condition and its ability to execute on its capital projects.

See "*General Development of the Business — Three Year History*" for details regarding the First BC LCFS Credit Sale Agreement, the Second BC LCFS Credit Sale Agreement and the BC LCFS Credits that have been received and monetized by the Company.

Development and Operation of Individual Renewable Energy Projects (Including Cost Overruns)

The Company's focus on renewable energy exposes the Company to risks related to the supply and demand of commodities, the cost of capital expenditures, government regulation, world and regional events, economic conditions and the acceptance of alternative energy sources. As a renewable energy producer, the Company may be negatively affected by lower energy output resulting from the scarcity of inputs, mechanical breakdowns, faulty technology, competitive electricity markets or changes to the laws that mandate the use of renewable energy sources by refiners and importers of gasoline and diesel fuel and utilities.

A number of other factors related to the development and operation of individual renewable energy projects could adversely affect the Company's business, including:

- regulatory changes that affect the demand for or supply of Environmental Attributes and the prices thereof, which could have a significant effect on the financial performance of the Company's projects and the number of potential projects with attractive economics. The Company depends, in part, on Environmental Attributes that promote the use of renewable energy;
- regulatory changes that negatively affect the CI scoring methodology for the Company's renewable products which could result in significantly less revenue associated with Environmental Attributes;
- changes in energy commodity prices, such as natural gas, crude oil, refined products and wholesale electricity prices, which could have a significant effect on the Company's revenues;
- changes in pipeline gas quality standards or other regulatory changes that may limit the Company's ability to transport RNG and hydrogen on pipelines for delivery to third parties or increase the costs of processing RNG and hydrogen to allow for such deliveries;
- substantial construction risks, including the risk of cost overruns and delays, including those that may arise as a result of material pricing, inclement weather, labour disruptions and/or extenuating events;
- operating risks and the effect of disruptions on the Company's business;
- entering into markets and/or jurisdictions where the Company has less experience;
- the need for substantially more capital to complete projects than initially budgeted and exposure to liabilities as a result of unforeseen environmental, construction, technological or other complications;
- failure to obtain necessary capital and financing on acceptable terms, or at all;
- a decrease in the feedstock availability, an increase in competition for feedstocks or feedstock pricing, and/or timeliness of delivery of feedstocks and components necessary for the projects to function;
- the ability of competitors, who may have more capital resources, experience and expertise than the Company, to develop, construct and operate assets that produce renewable fuels;
- the future development of a hydrogen market, and the Company's ability to access such market;
- obtaining and keeping in good standing permits, authorizations and consents from local city, county, province/state and federal governments;
- changes in law and corresponding regulatory discretion that may affect the Company's ability to operate or transact;
- failure to obtain all necessary rights to land access and use;
- delays in deliveries or increases in the prices of equipment;
- increases in the cost of labour, labour disputes and work stoppages;
- failure to receive timely performance of third-party services;

- unforeseen engineering and environmental problems; and
- accidents involving personal injury or the loss of life.

Any of these factors could prevent the Company from completing or operating the Company's projects, or otherwise adversely affect the Company's business, financial condition and results of operations.

Ability to Achieve Investment Objectives

If there is not sufficient demand for renewable energy, or if renewable energy projects do not develop or take longer to develop than the Company anticipates, the Company may not achieve the Company's investment objectives. In addition, demand for renewable energy projects in the markets and geographic regions that the Company targets may not develop or may develop more slowly than the Company anticipates. Many factors influence the widespread adoption of renewable energy and demand for renewable energy projects, including:

- the cost-effectiveness, performance and reliability of renewable energy technologies and products as compared with conventional and competitive technologies;
- fluctuations in economic and market conditions that impact the viability of conventional and competitive alternative energy sources;
- changes in the prices of oil, coal, natural gas and electricity;
- continued deregulation of the power industry and broader energy industry; and
- availability or effectiveness of government subsidies and incentives.

Risks Related to Adjusted EBITDA

Disclosure of Adjusted EBITDA outlook is prepared using assumptions that reflect Management's intended course for the periods covered, based on the judgement of Management as to several factors, including, without limitation, estimates of volumes of feedstock and sales for the applicable period.

The Company's calculation of Adjusted EBITDA, including for the Renewable Diesel & Renewable Hydrogen Complex is based on certain assumptions, some or all of which may not materialize and may differ from the assumptions underlying any forward-looking information relating to capital projects and assets that was prepared for other purposes. Unanticipated events may occur that could have a material adverse effect on the actual results achieved by the Company during the period to which these estimates relate.

There can be no assurance that the assumptions reflected in the Adjusted EBITDA, including for the Renewable Diesel & Renewable Hydrogen Complex will prove to be accurate. Actual results for for the annualized period may vary from the amounts disclosed and those variations may be material.

Presentation of such Adjusted EBITDA excludes certain expense items, such as the impact of non-cash compensation, and such presentation is not intended to be a substitute for historical IFRS measures of operating performance or liquidity. Any Adjusted EBITDA outlook, including for the Renewable Diesel & Renewable Hydrogen Complex, is subject to material risks, uncertainties and contingencies. See "*General Matters — Forward-looking Statements*".

Interest Rate and Inflation Risk

Interest rate risk arises from the Company's use of floating interest rate bearing credit facilities. Both the Credit Facility and the AIMCo Facility bear interest at a variable rate. The AIMCo Facility's Base Interest Rate of 6.50% per annum is subject to certain inflation escalators. In particular, the AIMCo Facility's interest rate fluctuates with the rate of inflation as the interest rate payable thereunder is based on the CPI rate plus an applicable margin. The Canadian CPI inflation rate adjustment used for the AIMCo Facility has a floor of 0% and a cap of 4% per annum. The Credit Facility's interest rate fluctuates with the agent bank's prime lending rate and/or the banker's acceptance rate depending on how the Company chooses to draw down on the facility.

In addition to impacting the Company's AIMCo Facility, the general rate of inflation impacts the economic and business environment in which the Company operates. Increased inflation, and economic conditions arising from the government's attempts to reduce inflation, may negatively impact the demand for the Company's products, increase the cost of inputs, and could have a negative effect on its business, financial condition and results of operations.

Feedstock and Contracting Risk

The Company relies on obtaining contracts for the supply of feedstock materials such as animal fats, used cooking oil, distillers corn oil, soybean oil, canola oil and animal manure.

The Company has executed and is engaged in commercial negotiations to source feedstocks for the production of renewable fuels. It is anticipated that the majority of feedstock will be sourced from within Western Canada and opportunistically from other global sources. See "*Renewable Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — HDRD Feedstock Assets*" and "*Renewable Assets — RNG Business Unit — RNG Assets — RNG Feedstock Assets*".

There can be no assurance that the Company will be able to secure the full amount of feedstocks required to runs its operations, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

Regulatory Risks, Including Changes to National and Local Legislation

Various levels of governments impose regulations on oil and natural gas operations, including on exploration, production, pricing, marketing and transportation. Governments may regulate or intervene with respect to exploration and production activities, prices, taxes, royalties and the exportation of petroleum and natural gas. Amendments to these regulations may occur from time to time in response to economic or political conditions. See "*Industry*". New regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas or make the Company's projects on the uneconomic, which could materially adversely affect the Company's business and financial condition.

The regulations that are applicable to the Company's existing assets and capital projects vary according to the type of energy being produced and the jurisdiction of the facility. As part of the Company's growth strategy, the Company is looking to grow by pursuing development and acquisition opportunities. Such opportunities may exist in jurisdictions where the Company has no current operations and, as such, the Company may become exposed to different regulations for which the Company has no experience.

The Company's business may also be affected by numerous regulations on the international, federal, provincial, state and local levels, including energy, environmental, conservation, tax and other regulations relating to the Company's industry. Failure to comply with any laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of injunctive relief or both. Moreover, changes in any of these regulations could have a material adverse effect on the Company's business. Changes in government regulations have the potential to significantly increase compliance costs or alter certain aspects of its business plan and thus reduce profitability of current or future operations. The Company cannot predict the nature of any future laws or renewable energy policies, nor can it determine what effect additional governmental regulations or administrative policies and procedures could have on the Company's business. Compliance with any such legislation may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company believes that its operations comply in all material respect with applicable laws and regulations and that the existence and enforcement of such laws and regulations have no more restrictive an effect on its operations than on other similar companies in the Company's industry. The Company does not anticipate any material capital expenditures to comply with international, federal, provincial and state environmental requirements.

Management expects that the regulatory environment for the renewable energy industry in Canada will continue to positively develop but still be dynamic for the foreseeable future. The Company's business may suffer if environmental policies change and no longer encourage the development and growth of renewable energy solutions. Public opinion can also exert a significant influence over the regulation of the renewable energy industry. A negative shift in the public's perception in the feasibility of renewable energy could affect future regulations in Canada. Programs Requiring the Use of Renewable and Lower Carbon Fuels

Canadian jurisdictions have policies to increase the renewable content in transportation fuels and/or reduce GHG emissions associated with such fuels. The Company expects to derive a significant portion its revenue and profit from sales into these markets. If the value of renewable fuels in these markets were to materially decrease, as a result of reduced demand or increased supply by competitors, if the fuel the Company produces is deemed not to qualify for compliance in those markets or those policies are otherwise changed in a manner adverse to the Company, its revenues and profits could be seriously harmed.

Laws and regulations governing existing or proposed renewable fuel programs, including the BC LCFS and CFR, could be repealed, curtailed or otherwise changed, including without notice, which would have a material adverse effect on the Company's revenues, operating margins and financial condition. Changes to how BC LCFS Credits and CFR Credits are calculated may result in fewer BC LCFS Credits and CFR Credits generated by the Company's operations.

Increasing Supply of Renewable Fuels

Tidewater Renewables' business is subject to competition from other producers of renewable fuels which operate in the same markets as Tidewater Renewables. Plant expansions of Renewable Diesel, and potential co-processing of Renewable Diesel by petroleum refiners, could reduce prices for the Company's fuel and increase costs of feedstocks, which would seriously harm to the Company's revenues and operations. Renewable fuel companies are expected to expand production of Renewable Diesel for the North American market. Traditional petroleum refiners are also expected to enter the Renewable Diesel market whether by new biorefineries or the conversion of existing refineries to Renewable Diesel production facilities. The Company may experience competition for pipelines, transportation and storage infrastructure as a result of any such expansions from its competitors.

If production of competitive advanced biofuels increases significantly as a result of utilization of existing excess production capacity or new capacity as described above, competition for feedstocks would increase significantly, harming the Company's margins. Furthermore, if supply of advanced biofuels exceeds demand, prices for Renewable Diesel and the associated credits may decrease significantly, harming profitability and potentially forcing the Company to idle facilities.

Spread Between Renewable Fuel Prices and Feedstock Costs

The Company's gross margins are dependent on the spread between renewable fuel prices and feedstock costs, each of which are volatile and can cause the Company's results of operations to fluctuate substantially. Renewable fuel has traditionally been marketed primarily as an additive or alternative to petroleum-based diesel fuel, and, as a result, renewable fuel prices are heavily influenced by the price of petroleum-based diesel fuel, more so than renewable fuel production costs. The absence of a close correlation between production costs and renewable fuel prices means that the Company may be unable to pass increased production costs on to the Company's customers in the form of higher prices. If there is a decrease in the spread between renewable fuel prices and feedstock costs, whether as a result of an increase in feedstock prices or as a result of a reduction in renewable fuel and credit prices, gross margins, cash flow and operations would be adversely affected. A decrease in the availability or an increase in the price of feedstocks may have a material adverse effect on the Company's financial condition and operating results. The price and availability of feedstocks and other raw materials may be influenced by general economic, market, environmental and regulatory factors.

Financial Expectations

The Company's quarterly revenue and results of operations are difficult to predict and fluctuate from quarter to quarter. The Company's quarterly results of operations are influenced by a number of factors, including the risks described in this AIF, many of which are outside of the Company's control, which may cause such results to fall below market expectations.

Although the Company bases its planned operating expenses in part on the Company's expectations of future revenue, a significant portion of the Company's expenses are relatively fixed in the short-term. If revenue for a particular quarter is lower than expected the Company may be unable to proportionately reduce its operating expenses for that quarter. This will adversely affect the Company's results of operations for that quarter. If the Company fails to meet or exceed analyst or investor expectations, the price of the Common Shares may significantly decline.

Reliance on Counterparty Activity

There is risk associated with Tidewater Renewables' customers being able to perform their contracted obligations. For example, counterparties may not comply with their contracted obligations (counterparty risk) or may not deliver volumes consistent with their production profile (volume risk), all of which could adversely affect Tidewater Renewables' financial results, including the returns on capital investments.

Dependence on the Operations of Counterparties and Contractual Arrangements

The Company is dependent on its counterparties to operate the Initial Assets and has limited ability to exercise influence over certain of the operations on the Initial Assets and the associated operating or capital costs, which could adversely affect the Company's financial performance. The Company's revenues derived from the Initial Assets depend upon a number of factors, most of which are outside of the Company's control.

In addition, the Company's operations rely on revenue from its counterparties described elsewhere in this AIF under the heading "*Agreements with Tidewater Midstream and Other Counterparties*". Tidewater Renewables cannot provide assurance that one or more counterparties will not default on their obligations to the Company or that such a default or defaults will not have a material adverse effect on the Company's operations, financial position, future results of operations or future cash flows. Furthermore, the insolvency of one or more of Tidewater Renewables' counterparties might make it unlikely that Tidewater Renewables would be able to collect all or a significant portion of amounts owed by a distressed counterparty. Such events might force such counterparties to curtail their future business operations, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company endeavors to minimize risk wherever possible by structuring its contracts in a way that minimizes volume risk (e.g. minimum guaranteed volumes and "take-or-pay" arrangements), however, it is possible that such arrangements may not be fully effective. In addition, the contract terms are finite and in some cases the agreements contain termination or suspension rights for the benefit of the counterparty.

Certain of the Company's assets with revenues under contracts will be subject to re-contracting risk in the future. The Company cannot provide assurance that it will be able to renegotiate these contracts once their terms expire or, even if the Company is able to do so, that it will be able to obtain the same prices or terms the Company currently receives. If the Company is unable to renegotiate these contracts, or unable to receive prices at least equal to the current prices it receives, the Company's business, financial condition, results of operation and prospects could be adversely affected.

The Company is dependent on its counterparties for the cash flow it receives, and this cash flow is primarily derived from the performance of the underlying businesses of such counterparties. The amount of funds received from the Company's counterparties depends upon the amount of cash they in turn generate from their operations, which will fluctuate from time to time based on, among other things, production levels, prevailing commodity prices, the levels of operating, capital and maintenance expenses, general and administrative expenses and prevailing economic conditions.

Counterparty Credit Risk

The Company is exposed to counterparty credit risk through its ownership of the Renewable Assets. If any counterparty fails to meet their contractual or financial obligations to the Company, such failures could materially adversely affect the Company's business and financial condition. Further, poor credit conditions may impact a counterparty's ability to fund the capital programs conducted with respect to the Renewable Assets or fulfill its contractual or financial obligations with respect to the Renewable Assets, which in turn could result in a reduction of the Company's revenues.

Tidewater Midstream is a counterparty to the vast majority of contracts with exposure for counterparty credit risk for Tidewater Renewables. See also, "*Risk Factors — Risks Relating to the Company's Relationship with Tidewater Midstream*".

Capital and Additional Funding Requirements

The Company's cash flow from a combination of undrawn amounts under the AIMCo Facility and the Credit Facility, cash flow generated by the sale of BC LCFS Credits and CFR Credits and cash flow generated by the Renewable Assets may not be sufficient to fund its ongoing activities at all times, and from time to time the Company may require additional financing. Future capital and other expenditures will be financed out of cash flow, borrowings and possible future equity issuances, and the Company's ability to do so will be dependent on, among other factors, the overall state of the capital markets, the Company's credit rating , interest rates, tax burden due to current and future tax laws and investor appetite for investments in the renewable energy industry and the Company's securities in particular. The Company's ability to finance through future equity issuances may also be affected by any future sales of Common Shares by Tidewater Renewables.

There can be no assurance that debt or equity financing or cash flow generated by operations will be available or sufficient to meet the Company's current or future requirements or, if debt or equity financing is available, that it will be on terms acceptable to the Company. There is risk that if the economy experiences unexpected and/or prolonged deterioration, the Company's access to additional financing may be affected. The inability of the Company to access sufficient capital for its operations could materially adversely affect the Company's financial condition.

In addition, the future development and operation of the Company's assets may require additional financing from the Company's counterparties and there are no assurances that such financing will be available, or, if available, will be available upon acceptable terms to the counterparties. For instance, failure to obtain any financing necessary for such counterparties' capital expenditure plans may result in a delay in development of the Acquired Assets.

Volatility in Market Price of Common Shares

The market price for the Common Shares has been and may continue to be subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including, without limitation, actual or anticipated fluctuations in the Company's financial results, recommendations by securities research analysts, changes in the economic performance or market valuations of other companies that investors deem comparable to the Company, the loss or resignation of members of Management or the Board and other key personnel of the Company, sales of additional Common Shares, significant acquisitions or business combinations, partnerships, joint ventures or capital commitments by or involving the Company, Tidewater Midstream or its competitors where the Company does not realize its anticipated benefits from such transaction, trends, concerns, technological or competitive developments, regulatory changes and other related issues in the oil and natural gas industry, and actual or anticipated fluctuations in interest rates.

Financial markets have experienced significant price and volume fluctuations in recent years that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values which may result in impairment losses. Certain institutional investors may base their investment decisions on consideration of the Company's ESG practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result those institutions not investing in the Common Shares, which could adversely affect the trading price of the Common Shares.

Negative Impact of Additional Sales or Issuances of Common Shares

Tidewater Renewables may sell additional Common Shares from time to time, including pursuant to the Investor Liquidity Agreement, and is not required to consider the potential negative impact of such sales on the trading price of the Common Shares or the Company in general. Tidewater Midstream holds 68.68% of the issued and outstanding Common Shares. The Investor Liquidity Agreement provides for Demand Registration rights in favour of Tidewater Midstream that enable Tidewater Midstream to require the Company to qualify by prospectus or register, as applicable, all or a portion of the Common Shares held, directly and indirectly, by Tidewater Midstream for a distribution to the public in Canada. The Investor Liquidity Agreement also provides Tidewater Midstream with the Piggy-Back Registration rights. Where the Company proposes to make a distribution, for its own account or for the account of any other holder of securities of the Company, Tidewater Midstream will have the right to include a specified number of its Common Shares in the distribution, subject to certain limitations. Sales of Common Shares owned, directly and indirectly, by Tidewater Midstream through the Investor Liquidity Agreement or otherwise could exert downwards pressure on the trading price of the Common Shares and could impair the future ability of the Company to raise capital through the sale of its equity securities.

Additionally, the Board may issue an unlimited number of Common Shares without any vote or action by the Shareholders, subject to the rules of any stock exchange on which the Company's securities may be listed from time to time. The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities. If the Company issues any additional equity, the percentage ownership of existing Shareholders will be reduced and diluted and the price of the Common Shares could decline.

Debt Matters

The Company relies on debt financing for some of its business activities, including capital and operating expenditures. There are no assurances that the Company will be able to refinance any or all of its borrowings at their maturity. In addition, there are no assurances that the Company will be able to comply at all times with the covenants applicable under its current credit facilities. Any failure of the Company to secure financing or to comply with applicable covenants under its credit facilities could have a material adverse effect on the Company's financial results, including its ability to pay dividends to Shareholders and to support future growth.

The Company believes that its existing Credit Facility and AIMCo Facility will be sufficient for its immediate requirements and has no reason to believe that it will not be able to renew its existing credit facility or refinance on commercially reasonable terms. However, continued uncertainty in the global economic situation means the Company may have restricted access to capital and increased borrowing costs. The Company's ability to raise debt is dependent upon, among other factors, the overall state of the capital markets and investor appetite for investments in the energy industry generally and in the Company's securities in particular. The ability to make scheduled payments on or to refinance debt obligations depends on the financial condition and operating performance of the Company, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. As a result, the Company may be unable to maintain a level of cash flow from operating activities sufficient to permit it to pay the principal and interest on its indebtedness. These conditions could have an adverse effect on the industry in which the Company operates and its business, future operating and financial results. There can be no assurance that the Company's cash flow from operating activities will be adequate for future financial obligations or that additional funds will be able to be obtained.

Pursuant to an inter-creditor agreement between, among others, the Company, the agent under the Credit Facility and the agent under the Tidewater Midstream Credit Facilities, the Company has agreed that the Lenders and the lenders under the Tidewater Midstream Credit Facilities may treat the Company and Tidewater Midstream as affiliated and consolidated entities in considering their total exposure, risk rating and capital allocation to the Company under the Credit Facility and Tidewater Midstream Credit Facilities, respectively, or for any other purpose, and may have regard to such considerations with respect to any extension, consent or waiver request or in taking any other discretionary action in respect of the Credit Facility or the Tidewater Midstream Credit Facilities, respectively. Notwithstanding the foregoing, the Credit Facility and the Tidewater Midstream Credit Facilities will not be subject to cross defaults nor will the Company and Tidewater Midstream be consolidated for the purposes of covenant testing or availability. Accordingly, the long-term availability of credit under the Credit Facility is, to a certain extent, outside of the Company's control and dependent on Tidewater Midstream's financial position, as the Lenders are expected to treat the Company and Tidewater Midstream as affiliates and consolidated entities for purposes of any discretionary action under the Credit Facility for so long as there is a significant degree of connection between the Company and Tidewater Midstream, including in respect of the management, administration, strategy and growth of the Company by Tidewater Midstream, whether through ownership of Common Shares, co-ownership of assets, including the Acquired Assets, by contract, including pursuant to the Governance Agreement or Shared Services Agreement, or otherwise.

Overall Level of Indebtedness

From time to time, the Company may have a significant amount of indebtedness and the Company's level of indebtedness could materially and adversely affect it in a number of ways. For example, it could:

- make it more difficult for the Company to conduct its operations;

- increase the Company's vulnerability to general adverse economic and industry conditions;
- require the Company to dedicate a portion of its cash flow from operating activities to service payments on its indebtedness, thereby reducing the availability of the Company's cash flow from operating activities to fund working capital, capital expenditures and other general corporate purposes including impacting the ability of the Company to maintain dividends to Shareholders;
- limit the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- place the Company at a competitive disadvantage compared to its competitors that have less debt; and
- limit the Company's ability to borrow additional funds on commercially reasonable terms, if at all, to meet its operating expenses and for other purposes.

An increase in interest rates could result in a significant increase in the amount the Company pays to service debt, resulting in a reduced amount available to fund its activities and the cash available to pay dividends, and could negatively impact the market price of the Common Shares.

Debt Service

The Company requires sufficient cash flow in the future in order to service and repay its indebtedness. The Company's ability to generate sufficient cash flow to meet these obligations depends on its financial condition which is, to a certain extent, subject to global economic, financial, competitive and other factors that may be beyond its control. If the Company is unable to obtain future borrowings or generate cash flow from operations in an amount sufficient to service and repay its indebtedness, the Company could default under the agreements governing its indebtedness and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets. The Company may from time to time have restricted access to capital and increased borrowing costs. The inability to service, repay and/or refinance its indebtedness could have a material adverse effect on Tidewater Renewables' business, financial condition, results of operations and cash flows. Furthermore, amounts paid in respect of interest on long-term debt will reduce the Company's net income. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service.

Debt Agreements

Collectively, the Credit Facility and AIMCo Facility limit, among other things, Tidewater Renewables', and certain of its subsidiaries', ability to:

- incur or guarantee additional debt or other obligations, issue certain equity securities or enter into sale and leaseback transactions other than in limited circumstances;
- in certain circumstances, pay dividends on shares or repurchase shares, redeem subordinated debt or make other restricted payments;
- in certain circumstances, hold cash in excess of set amounts;
- issue equity securities of subsidiaries;
- grant certain guarantees or other forms of financial assistance;
- change the nature of their business or operations in any material respect;
- make certain investments or acquisitions over a certain limit;
- create liens on their assets;
- change their fiscal year;
- enter into transactions with affiliates;
- liquidate, dissolve or wind up;
- consolidate, merge or transfer all or substantially all of their assets; and
- transfer or sell assets, including shares of subsidiaries.

These debt agreements also require Tidewater Renewables to maintain specified financial ratios and satisfy specified financial tests. Tidewater Renewables' ability to meet these financial ratios and tests can be affected by events beyond Tidewater Renewables' control, and Tidewater Renewables may be unable to meet those tests. As a result of these covenants, Tidewater Renewables' ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and the Company may be prevented from engaging in transactions that might otherwise be considered beneficial to Tidewater Renewables. The breach of any of these covenants could result in an event of default under the Credit Facility, the AIMCo Facility or any future credit agreements.

A failure to comply with the obligations in the Credit Facility or the AIMCo Facility, including financial ratios and specified financial tests, could result in a default. If not cured or waived, such default would permit acceleration of the repayment of the relevant indebtedness as the respective lenders could elect to declare all amounts outstanding under the Credit Facility or AIMCo Facility, as applicable, to be immediately due and payable and terminate all commitments to extend further credit. If such lenders were to accelerate the repayment of outstanding borrowings, Tidewater Renewables may not have sufficient cash to repay balances owing on the Credit Facility or AIMCo Facility. The Lenders or the lender under the AIMCo Facility could proceed to realize upon the collateral granted to them to secure that indebtedness, which could have a material adverse effect on Tidewater Renewables' business and financial results. Even if Tidewater Renewables is able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to Tidewater Renewables. Such additional funding may also impose financial restrictions and other covenants on it that may be more restrictive than under the Credit Facility and AIMCo Facility. Additionally, if amounts outstanding under the Credit Facility or AIMCo Facility, as applicable, were to be accelerated, or if Tidewater Renewables were not able to borrow under the Credit Facility or AIMCo Facility, it could become insolvent or be forced into bankruptcy or insolvency proceedings.

Prices, Markets and Demand for Petroleum Products

Numerous factors beyond the Company's control affect the marketability and price of crude oil and natural gas produced from the Co-Processing Assets and processed through the RNG and Hydrogen Storage Assets.

Prices for crude oil, natural gas, diesel and the renewable fuel are subject to large fluctuations in response to relatively minor changes in the supply of and demand for petroleum and natural gas, market uncertainty and a variety of factors beyond the control of the Company. These factors include economic conditions in the United States, Canada, Asia and Europe, the actions of Organization of the Petroleum Exporting Countries, governmental regulation, political stability in the Middle East, Northern Africa and elsewhere, the foreign supply of petroleum and natural gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Prices for crude oil, natural gas, diesel, and renewable fuel are also subject to the availability of foreign markets and the Company's (and other industry participants') ability to access such markets.

The level of activity in the Canadian renewable fuels industry is influenced by seasonal weather patterns. Adverse weather patterns may cause reduced operations or a cessation of operations. Municipalities and provincial transportation departments may enforce road bans that restrict the Company's activity levels. Additionally, extremely cold weather, heavy snowfall, heavy rainfall, wildfires or floods may restrict access to the Company's properties and may cause operational difficulties including damage to machinery. Such weather patterns may also cause personnel injury because of dangerous working conditions. Seasonal factors may also cause volatility in commodity prices, as demand for natural gas typically varies during the year depending on the weather. There can be no assurance that these seasonal factors will not adversely affect the timing and scope of the Company's business activities.

All of these factors could result in a material decrease in the Company's expected revenue and a reduction in future renewable fuel development and acquisition activities.

Crude oil and natural gas prices are expected to remain volatile in the near future. Volatile crude oil and natural gas prices make it difficult to estimate the value of renewable fuels. Price volatility also makes it difficult to budget for and project the return on potential acquisitions and divestitures.

The future growth prospects of the Company's renewable energy business is based in large part on assumptions about the future availability and price of petroleum products and renewable feedstock and natural gas. Natural gas prices have at various times been and may become volatile due to insufficient supply or oversupply of natural gas, weather conditions and natural disasters, reduced demand for natural gas, decreased oil and natural gas exploration activities, changes in supplies and prices for alternative energy sources such as coal, oil, hydrogen, nuclear, hydroelectric, biomass or wind and solar energy, changes in regulatory, tax or other governmental policies regarding natural gas or alternative energy sources and political conditions in natural gas producing regions.

Fuel conservation measures, alternative fuel requirements, advancements in energy efficient products, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation devices could reduce the demand for oil, natural gas, liquid hydrocarbons, and ultimately the renewable fuels. The implementation of policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives and other alternative technologies may lessen the demand for renewable fuels. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and cash flow by decreasing the Company's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

If the Company's upgrading systems used to produce the renewable fuel do not achieve commercially feasible results in conjunction with using the Company's products, the market for the Company's renewable fuel may not grow in the way the Company anticipates. Sales of the Company's Renewable Fuels largely depend upon the increased use and widespread adoption and demand of Renewable Diesel, Renewable Natural Gas, and hydrogen. The timeline for when such widespread adoption will take place is uncertain and may necessitate the Company to markedly change its financial projections.

Capital Projects May Not Generate Expected Levels of Output

The capital projects that the Company is currently undertaking remain subject to various operating risks that may cause them to generate less than expected amounts of renewable fuels. These risks include operational failures, an inability to find suitable replacement equipment or parts, less than expected supply or quality of the project's renewable fuel or volume disruption in the Company's renewable feedstock supply. Any extended interruption and or volume disruption in a project's operation, or a failure of the project for any reason to generate the expected amount of output of applicable renewable fuel, could adversely affect the Company's business and operating results. Furthermore, the Company may in the future incur material asset impairment charges if any of its renewable energy projects incur operational issues.

Risks Relating to Competition for Opportunities

The Company competes with other renewable fuel companies for supply of feedstock and sales of end products and with traditional downstream companies, which may have greater financial and other resources. The Company competes with other energy companies for the limited pool of personnel with requisite industry knowledge and experience. Any failures to successfully prevail in such competition will negatively affect the Company's long term growth prospects.

The Company cannot provide any assurance that the competitive pressures it faces will not have a material adverse effect on the Company's business, financial condition and results of operations or that Management will be able to identify and execute further activities that are consistent with the Company's objectives or that generate attractive returns for Shareholders. The Company may lose opportunities if it does not match prices, structures and terms offered by competitors, if it is unable to access sources of equity or obtain indebtedness at attractive rates or if the Company becomes subject to antitrust or competition laws. Alternatively, the Company may experience decreased rates of return and increased risks of loss if it matches prices, structures and terms offered by competitors.

Further, if additional volumes of fuels similar to the renewable fuel produced by the Company come online the volume of similar renewable fuels generated could add additional supply to the Company's intended market.

Several leading renewable fuel companies have announced their intention to expand production of Renewable Diesel for the U.S. market. Competitors may use the same or related feedstocks to produce products similar to the renewable fuel and may produce products similar to the Renewable Fuels in a more cost-effective manner.

If production of competitive renewable fuels increases significantly, competition for feedstocks would increase significantly, harming margins. Furthermore, if supply of advanced renewable fuels exceeds demand, prices for the renewable fuel and other credits may decrease significantly, harming profitability.

Risks Arising from Co-ownership

A number of the Renewable Assets are jointly owned with Tidewater Midstream. Approvals must be obtained from Tidewater Midstream for certain proposals with respect to the assets – for example, to make capital expenditures regarding such assets. It is accordingly not always possible for the Company to pursue proposals for capital expenditures without the approval of Tidewater Midstream or other co-owners which may exist from time to time. This may adversely affect the Company's ability to expand or improve the Renewable Assets. In addition, the agreement for the ownership and operation of the Renewable Assets contains rights of first refusal which require a transferor who is proposing to transfer an ownership interest to offer such interest on the same commercial terms to the other owners of the facility prior to completing the transfer. Such provisions restrict the Company's ability to transfer its interests in the Renewable Assets and may limit the Company's ability to maximize the value of a sale of its interest.

As part of the Company's effort to minimize the risks associated with co-ownership, the Company maintains communication with its co-owners through operating committees and formal decision-making processes such as mail ballots and expenditure approvals. The Company also utilizes its knowledge of industry activity and relationships with other owners to mitigate the risk of uncooperative behavior. However, there is no guarantee that the Company will be able to execute its preferred business or operational strategy at facilities which are jointly owned.

Internal Controls Re: Financial Reporting and Preventing Fraud

Effective internal controls are necessary for the Company to provide reliable financial reports, manage risk exposure and help prevent fraud. Although the Company undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. If the Company or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and adversely affect the trading price of the Common Shares.

Uninsured or Underinsured Losses

The Company maintains, and will maintain, insurance at levels that it believes are reasonable and that are typical for its industry's insurance coverage. The Company may also purchase customary coverage to cover potential losses during the construction of new infrastructure. In addition, it maintains director and officer liability coverage consistent with industry practice. However, the Company cannot give any assurances that its insurance coverage is adequate for any given risk or liability, that such insurance will continue to be available on commercially reasonable terms, that all events that could give rise to a loss or liability are insured or reasonably insurable or that its insurers would be capable of honoring their commitments if an unusually high number of claims were made against their policies. The Company will renew its insurance policies on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and deductibles for such insurance policies can vary significantly. Certain insurance may become unavailable or available only for reduced amounts, in particular, insurance for assets producing GHG emissions. Similarly, certain losses, including certain environmental liabilities and business interruption losses, are not covered by insurance. Significant increases in the costs of such insurance may result in the Company deciding to reduce or eliminate certain insurance coverage.

Managing Growth

In order to manage growth and changes in strategy effectively, the Company must maintain adequate facilities to meet customer demand and comply with contractual obligations, expand sales and marketing capabilities, develop a strategy to build, acquire or supply renewable fuels, expand the skills and capabilities of its current Management team and attract and retain qualified employees. The Company's expected growth depends on its ability to leverage its industry experience and relationships with customers and vendors to ensure the economic viability of pursued opportunities. While the Company intends to focus on managing its costs and expenses over the long term, it expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

In addition, the Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to properly manage growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Potential Acquisition and Investment Opportunities

The Company regularly evaluates and considers, and may be engaged in discussions and negotiations with respect to, potential acquisition and investment opportunities that it believes may assist it in achieving its business and growth plans, and it may at any time have outstanding non-binding letters of intent or conditional agreements which individually or together may be material. There can be no assurance that any such discussions, negotiations, non-binding letters of intent or conditional agreements will result in a definitive agreement with respect to an acquisition or investment, and, if they do, what the terms or timing of such would be or that such acquisition or investment will be completed by the Company. If the Company does complete any such transaction, it cannot assure investors that the transaction will ultimately strengthen Tidewater Renewables' financial or operating results, prospects or competitive position or that it will not be viewed negatively by customers, securities analysts or investors. Such transactions may also involve significant commitments of the Company's financial and other resources, including the completion of additional financings of equity or debt. Any such activity may not be successful in generating revenue, income or other returns to the Company and the resources committed to such activities will not be available to the Company for other purposes.

The acquisition, financing, construction and development of new projects involves numerous risks, including:

- difficulties in identifying, obtaining and permitting suitable sites for new projects;
- assumptions with respect to the cost and schedule for completing construction;
- assumptions with respect to renewable fuels, including quality, volume and asset life for new projects;
- the ability to obtain financing for a project on acceptable terms or at all;
- delays in deliveries or increases in the prices of equipment;
- permitting, other regulatory issues and changes in legal requirements;
- increases in the cost of labour, labour disputes and work stoppages;
- failure to receive quality and timely performance of third-party services;
- unforeseen engineering and environmental problems;
- cost overruns;
- the Company's ability to successfully and efficiently integrate acquired assets or companies into its operations;
- unknown liabilities from acquisitions;
- accidents involving personal injury or loss of life; and
- weather conditions, global health crises, catastrophic events including fires, explosions, earthquakes, droughts and acts of terrorism and other force majeure events.

In addition, new projects have no operating history and may employ recently developed technology and equipment. A new project may be unable to fund principal and interest payments under its debt service obligations or may operate at a loss, which may adversely affect the Company's business, financial condition or results of operations.

There can be no assurance that the Company will locate attractive acquisition candidates, that the Company will be able to acquire such candidates on economically acceptable terms, if at all, or that the Company will not be restricted from completing acquisitions pursuant to the terms and conditions from time to time of arrangements with third parties, such as the Company's creditors. Future acquisitions may require the Company to expend significant amounts of cash, resulting in the Company's inability to use these funds for other business or may involve significant issuances of equity or debt. Future acquisitions may also require substantial time commitments, and the negotiation of potential acquisitions and the integration of acquired operations could disrupt the Company's business by diverting Management and employees' attention away from day-to-day operations.

Any future acquisition involve potential risks, including, among other things, the possibility that the Company, as a successor owner, may be legally and financially responsible for liabilities of prior owners, the possibility that the

Company may pay more than the acquired company or assets are worth, the additional expenses associated with completing an acquisition and amortizing any acquired intangible assets, an inability to successfully integrate any operation the Company acquires, an inability to recruit, hire, train or retain qualified personnel to manage and operate the operations acquired, the potential disruption of the ongoing business and the distraction of Management from its day-to-day operations and the loss of key employees and/or key relationships at the acquired business. In addition, the Company competes with other renewable fuel companies as well as traditional energy companies, which may have greater financial and other resources for new business. Future acquisition candidates may have liabilities or adverse operating issues that the Company failed or fails to discover through due diligence prior to the acquisition. If the Company consummates any future acquisitions with unanticipated liabilities or adverse operating issues, or if acquisition-related expectations are not met, the Company's business, results of operations, cash flows, financial condition or prospects may be materially adversely affected. The potential impairment or complete write-off of goodwill and other intangible assets related to any such acquisition may reduce the Company's overall earnings and could negatively affect the Company's balance sheet.

Decommissioning, Abandonment and Reclamation Costs

Tidewater Renewables is responsible for the costs associated with decommissioning, abandonment and reclamation of the Renewable Assets at the end of their economic life, the costs of which may be substantial. The Company must comply with all laws and regulations which are or may be in place regarding such obligations, and a breach of any such legislation or regulation may result in the imposition of fines or penalties, including an order for the cessation of operations. It is not possible to predict these costs with certainty since they are a function of regulatory requirements at the time of decommissioning, abandonment and reclamation and the actual costs may exceed current estimates that are the basis of the asset retirement obligation shown in Tidewater Renewables' financial statements.

General Economic, Market Risks and Political Conditions

The Company's operations are affected by the condition and overall strength of the global economy and, in particular, the economies of Canada and the U.S.

During economic downturns, the demand for the renewable fuel that Tidewater Renewables provides and the supply of or demand for diesel, natural gas and hydrogen may be adversely affected. The occurrence of periods of poor economic conditions or low or negative economic growth could have an adverse impact on Tidewater Renewables' results. The Company's business is, in part, dependent upon, and also correlated to, market risks and political conditions; in particular, adverse events in financial markets, which may have a profound effect on global or local economies. Some key impacts of general financial market turmoil include contraction in credit markets resulting in a widening of credit spreads, devaluations and enhanced volatility in global equity, commodity and foreign exchange markets and a general lack of market liquidity. A slowdown in the financial markets or other key measures of the global economy or the local economies of the regions in which the Company operates may adversely affect the Company's growth and profitability. For instance, a credit/liquidity crisis could materially impact the cost and availability of financing and overall liquidity; the volatility of commodity output prices and currency exchange markets could materially impact revenues, profits and cash flow; volatile energy, commodity input and consumables prices and currency exchange rates could materially impact production costs; and the devaluation and volatility of global stock markets could materially impact the valuation of the Common Shares.

In addition, conflicts, or, conversely, peaceful developments, arising outside of Canada, including changes in political regimes or parties in power, may have a significant impact on the price of oil and natural gas. It is unclear exactly what actions the current or future U.S. administration will implement, and if implemented, how these actions may impact Canada and, in particular, the renewable energy industry. Any actions taken by the current or any future U.S. administration may have a negative impact on the Canadian economy and on the businesses, financial conditions, results of operations and the valuation of Canadian energy companies, including Tidewater Renewables. A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the energy industry including the balance between economic development and environmental policy.

The reduction, elimination or expiration of government subsidies and economic incentives could adversely affect the Company. The Company seeks to take full advantage of government policies that promote renewable fuels and the reduction of CI of fuels. Renewable fuels currently benefit from various incentives in the throughout the markets in which the Company participates or intends to participate in. The removal or phasing-out of any such incentives could adversely affect the Company.

Non-Governmental Organizations and Eco-Terrorism Risks

The activities conducted by the Company may, at times, be subject to public opposition that could expose the Company to the risk of higher project costs, delays or even project cancellations due to increased pressure on governments and regulators by special interest groups, including Indigenous and climate change groups, landowners, environmental interest groups and other non-governmental organizations. The Company could also face blockades, legal or regulatory actions or challenges, increased regulatory oversight, reduced support of federal, provincial or municipal governments and delays obtaining or challenges to regulatory permits. There is no guarantee that the Company will be able to satisfy the concerns of the special interest groups and non-governmental organizations and attempting to address such concerns may require the Company to incur significant and unanticipated capital and operating expenditures.

The oil and natural gas industry has become an increasingly politically polarizing topic in Canada, which has resulted in a rise in civil disobedience surrounding oil and natural gas development — particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt the Company's activities, as well as activities that it is indirectly involved in.

In addition, the Company's and its counterparties' oil and natural gas properties, wells and facilities could be the subject of a terrorist attack. If any of the Company's or its counterparties' properties, wells or facilities are the subject of terrorist attack it may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The Company does not have insurance to protect against the risk from terrorism.

Reputational Risks

The Company's business, operations and financial condition may be negatively impacted because of any negative public opinion towards the Company or as a result of any negative sentiment toward the Company or in respect of its reputation with stakeholders, special interest groups, political leadership, the media or other entities. The Company's reputation may be adversely impacted by the actions and activities that it undertakes, as well as the actions and activities of its employees. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Company operates as well as their opposition to certain projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in obtaining or challenges to permits and increased costs and/or cost overruns. The Company's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the energy industry, particularly other producers, over which the Company has no control. In particular, the Company's reputation could be impacted by negative publicity related to environmental damage, loss of life, injury or damage to property caused by the Company's operations or due to opposition from special interest groups opposed to energy development. In addition, if the Company develops a reputation of having an unsafe work site, it may impact the ability of the Company to attract and retain the necessary skilled personnel to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate related litigation against governments and energy companies may impact the Company's reputation.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Company's reputation. Damage to the Company's reputation could result in negative investor sentiment towards the Company, which may result in limiting the Company's access to capital, increasing the cost of capital and decreasing the price and liquidity of the Company's securities.

Changing Investor Sentiment

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage relating to spills of petroleum products and Indigenous rights, have affected certain investors' sentiments towards investing in the energy industry. As a result of these concerns, some investors have announced that they no longer are willing to invest in energy companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust ESG policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, Management and employees of the Company. Failing to implement such policies and practices, as requested by institutional investors, may result in such investors reducing their investment in the Company, or not investing in the Company at all. Any reduction in the investor base interested or willing to invest in the energy industry and more specifically, the Company, may result in limiting the Company's access to capital, increasing the cost of capital and decreasing the price and liquidity of the Company's securities even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause a decrease in the value of the Company's assets, which may result in an impairment change.

COVID-19 and other pandemics

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic due to the sustained risk of worldwide spread of COVID-19. Governments and health authorities around the world implemented a wide variety of public health measures to combat the spread of COVID-19.

While the effects of the COVID-19 pandemic appear to be lessening, the extent to which COVID-19 or other pandemics may continue to affect the Company's business is uncertain. It remains possible that COVID-19 and other pandemics may have a material adverse effect on general economic conditions and on the Company's business. If subsequent waves or additional variants of COVID-19 emerge, or if other diseases emerge with similar effects, the Company may experience adverse business effects. The Company's workforce and workers available to the Company may be reduced by such occurrences, and the Company may lose the services of one or more of its leadership personnel. Suppliers and service providers may be restricted and the Company may not be able to source products needed for its operations, or access suitable markets for its products.

Force Majeure Events

The Company's operations and information systems may be vulnerable to substantial loss or damage as a result of certain disruptions, including natural disasters, national emergencies, acts of war, acts of terrorism, technological attacks, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest and the outbreak of disease (such as COVID-19) or similar force majeure events, any of which may have a material adverse effect on Tidewater Renewables' reputation, business, financial conditions or operating results.

Reliance on Key Personnel

The Company's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Company's business and financial condition. The Company does not have any key person insurance in effect for the Company. The novelty of some aspects of the Company's business (such as the production of renewable fuels and CCUS) could leave the Company exposed to risks associated with lack of experienced personnel. In addition, the competition for qualified personnel in Alberta and BC, and, in particular, the energy industry, is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of Management.

Dividends

The Company does not currently anticipate paying any dividends on its securities, including the Common Shares, in the near future. It may pay dividends in the future if and when operational circumstances permit. The actual amount distributed to Shareholders, if any, will depend on numerous factors, including the earnings of the Company, financial requirements for the Company's operations, the satisfaction by the Company of liquidity and solvency tests in the ABCA and any agreements relating to the Company's indebtedness that restrict the declaration and payment of dividends. The payment of dividends is not guaranteed and the amount and timing of any dividends payable is at the discretion of the Board.

Variations in Foreign Exchange Rates

The Canadian/United States dollar exchange rate, which fluctuates over time, could affect the price received by Canadian producers of renewable fuels. Material increases in the value of the Canadian dollar may indirectly affect the Company's revenues, as revenues received by Company could decrease. Future variations in Canadian/United States exchange rates may accordingly affect the future value of the Company's products as determined by independent evaluators.

Hedging

From time to time, the Company may enter into hedging arrangements to fix interest rates applicable to the Company's debt. However, if interest rates decrease as compared to the interest rate fixed by the Company, the Company will not benefit from the lower interest rate. Similarly, from time to time the Company may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar. However, if the Canadian dollar declines in value compared to the United States dollar, the Company will not benefit from the lower exchange rate. See "*Business of Tidewater Renewables — Risk Management*".

To the extent the Company is able to hedge its renewable fuel revenues and feedstock costs, the Company's hedging transactions expose the Company to the risk that a counterparty fails to perform under a derivative contract. Disruptions in the financial markets could lead to sudden decreases in a counterparty's liquidity, which could make them unable to perform under the terms of the derivative contract and the Company may not be able to realize the benefit of the derivative contract. Any default by the counterparty to these derivative contracts when they become due would adversely affect the Company's business, financial condition, and results of operations.

Litigation

The Company may be subject to legal and regulatory proceedings arising in the ordinary course of business. The Company evaluates its exposure to these legal and regulatory proceedings and may establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. The results of these legal proceedings cannot be predicted with certainty. Defense and settlement costs of legal disputes can be substantial, even with claims that have no merit. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Income Taxes

Income tax laws relating to the energy industry may in the future be changed or interpreted in a manner that adversely affects the Company. Furthermore, tax authorities may disagree with how the Company calculates its income for tax purposes or could change administrative practices to the Company's detriment.

The Company will file all required income tax returns in order to be in full compliance with the provisions of the *Income Tax Act* (Canada) and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company, such reassessment may have an impact on current and deferred taxes payable.

Conflicts of Interest

Certain members of the Board and Management are also, or may in the future be, directors or officers of other oil and natural gas companies, including Tidewater Midstream, that may compete or be counterparties to agreements with the Company, and as such may, in certain circumstances, have a conflict of interest. Conflicts of interest, if any, will be subject to and governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Company disclose his or her interest in and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA. See

"*Directors and Executive Officers — Conflicts of Interest*" and "*Risk Factors — Risks Relating to the Company's Relationship with Tidewater Midstream*".

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Environmental

All phases of Tidewater Renewables' business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations.

As a working interest owner in the Renewable Assets, the Company is exposed to environmental claims and regulation and the associated costs in connection with such assets. Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties on the working interest owners or on the Company and its co-owners in respect of the Renewable Assets, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The Company relies on the operators of the Renewable Assets to be in material compliance with current applicable environmental regulations; however, no assurance can be given that environmental laws will not result in a curtailment of production or processing or a material increase in the costs of production, development or exploration activities associated with the Renewable Assets or in the cost of operation of the Co-Processing Assets comprising a portion of the Renewable Assets or otherwise have a material adverse effect on the Company's business and financial condition.

Changes in environmental legislation may require, among other things, reductions in emissions to the air from the Company's existing and target customers' operations and result in increased capital expenditures.

Indigenous Peoples Consultation and Claims

Some of the Company's facilities are located near reserve lands or other lands that have been traditionally used by Indigenous peoples. Indigenous peoples have claimed Aboriginal title and rights to a substantial portion of lands in Western Canada.

The interpretation of Aboriginal and treaty rights is evolutionary and government policy, including the requirements that are imposed on industry, continues to change. In many circumstances in Alberta and BC, Indigenous people are entitled to be consulted prior to resource development on Crown lands. The consultation processes and expectations of parties involved can vary considerably from project to project, which can contribute to process uncertainty, increased costs, delay in receiving required approvals and an inability to secure the required approvals for some projects.

The Company is not aware of any claims that have been made by Indigenous peoples in respect of its assets or operations, however, if any such claims arise and are successful, this could have an adverse impact on the Company. Such claims may create an expectation of compensation or consideration associated with Company projects which go beyond historical levels.

To help mitigate these risks, the Company monitors developments that may affect activities around its facilities and changes in government policy. When appropriate, the Company works with Indigenous communities that have reserves or traditional lands where its facilities are located or that may be affected by the Company's ongoing operations and for construction or expansion projects.

Climate Change Regulation

The Company may be adversely affected by federal, provincial and state legislation, regulations, and initiatives designed to reduce GHG emissions, which may increase costs and adversely affect the Company's operations, in particular at the PGR. There are international agreements (e.g. the Paris Climate Agreement), national agreements and federal legislation (e.g. carbon tax, CFR or efficiency standards) and provincial legislation (e.g. BC's CleanBC climate policy and Alberta's Technology Innovation and Emissions Reduction system) that aim to reduce GHG emissions. These policies continue to evolve and in some cases overlap one another.

These developments may affect the Company's operations by increasing costs of compliance, costs of supply and the price of petroleum products and thereby reducing demand, and by imposing reporting and other regulatory obligations on the Company.

In 2016 the Government of Canada announced a national carbon pricing regime intended to support the objectives of the Paris Climate Agreement signed by Canada and over 160 other countries. All provinces are required to adopt a carbon pricing scheme that includes, at a minimum, a price on carbon emissions at a current rate of $65 per tonne in 2023 with annual $15 per tonne increases until the price reaches $170 in 2030. The federal pricing regime applies in Alberta, Ontario, Saskatchewan (partially), New Brunswick, Nova Scotia, Manitoba, Prince Edward Island, Newfoundland and Labrador, Yukon and Nunavut.

Other provinces have carbon pricing schemes that have been determined by the federal government to satisfy the minimum pricing requirement.

The ultimate effect of climate change legislation, regulations, and initiatives on the operations of the Company, and the timing of these effects, will depend on several factors, including, among others, the GHG emission reductions required for industrial sectors, the extent to which the Company can adapt its fuel offerings or taking advantage of incentive programs including purchasing compliance units on the open market or through auctions, the price and availability of compliance units, and the extent to which the Company is able to recover the costs incurred through the pricing of its products in the competitive marketplace. Additionally, government efforts to steer the public toward non-petroleum-based fuel dependent modes of transportation may foster a negative perception toward motor fuel or increase costs for the Company's product, thus affecting the public's attitude toward petroleum-based fuel and affect the Company's ability to market and sell such product. Any changes to climate change regulations and initiatives could materially and adversely affect the Company's business, prospects, results of operations or financial condition.

Existing and proposed environmental legislation developed by governments requiring lower CI fuels will result in increased costs to consumers. These regulations may negatively affect the marketing of refined petroleum products and may require the Company to alter its products or adapt operations to allow the Company to sell in such jurisdiction.

Global Climate Change

Changing weather patterns and climatic conditions, such as global warming, have added to the unpredictability and frequency of natural disasters in certain parts of the world, including the markets in which the Company operates and intends to operate, and have created additional uncertainty as to future trends. There is a growing consensus today that climate change increases the frequency and severity of extreme weather events. The Company cannot predict whether or to what extent damage that may be caused by natural events, such as severe storms, hurricanes and tornados, will affect the Company's operations or the economies in its current or future market areas. The increased frequency and severity of such weather events could cause negative impacts to economic conditions in these regions and result in a decline in the value or the destruction of the Company's Renewable Assets. In particular, if one of the regions in which the Company's Renewable Assets are operating is impacted by such a natural catastrophe in the future, it could have a material adverse effect on the Company's business. Further, the economies of such impacted areas may require significant time to recover and there is no assurance that a full recovery will occur. Even the threat of a severe weather event could impact the Company's business, financial condition or the price of the Common Shares.

Concentration of Assets in Alberta and British Columbia

All of the Company's assets are currently concentrated in Alberta and BC, which leaves the Company exposed to the economic conditions of such provinces.

Information Technology, Cyber-Attacks, Privacy and Data Protection

The Company relies on information technology systems and networks in its operations and the administration of its business. A failure of these information systems could lead to the impairment of business processes, and there is a risk of cascading failure of information systems leading to the impairment of multiple business processes. In addition, the Company collects and stores sensitive information in the ordinary course of business, including personal information in respect of its personnel and proprietary information in respect of its stakeholders, including customers, suppliers and investors.

The Company's business operations could be targeted by individuals or groups seeking to sabotage or disrupt its information technology systems and networks or to steal data. Security breaches of Company's information technology infrastructure, including, cyber-attacks and cyber-terrorism or other failures of the Company's information technology infrastructure could result in disruptions to operations, the ability to operate safely, delays, damage to assets, the environment or to the Company's reputation, diminished counterparty confidence, lost profits, lost data including, without limitation, the unauthorized release of customer, employee or company data that is crucial to the Company's operational security or could adversely affect the ability to deliver and collect on customer bills, increased regulation and other adverse outcomes, including, without limitation, material legal claims and liability or fines or penalties under applicable laws and could adversely affect its business operations and financial results.

The Company's cybersecurity strategy focuses on information technology security risk management which includes, without limitation, continuous monitoring, ongoing cybersecurity communications and training for staff, conducting third-party vulnerability and security tests, threat detection and an incident response protocol. However, there is no assurance that the Company will not suffer a cyber-attack or an information technology failure notwithstanding the implementation of this strategy and the measures taken pursuant to that strategy. The occurrence of a cyber event could adversely affect the Company's financial condition and results of operations.

The Company is subject to regulations relating to the collection, use, retention, disclosure, security and transfer of personal data. These regulations, and their interpretation and enforcement, continue to evolve and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing privacy and data protection requirements may cause the Company to incur substantial costs or require the Company to change its business practices. Noncompliance with the Company's legal obligations relating to privacy and data protection could result in penalties, fines, legal proceedings by governmental entities or others, loss of reputation, and significant legal and financial exposure and could affect the Company's ability to retain and attract counterparties.

Changes in the nature of cyber-threats and/or changes to industry standards and regulations might require the Company to adopt additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. However, the impact of such regulations is hard to predict at this time.

Technical Systems and Processes Incidents

Failure of key technical systems and processes to effectively support information requirements and business processes may lead to the Company's inability to effectively and efficiently measure, record, access, analyze and accurately report key data. This could result in increased costs and missed business opportunities.

Risks Relating to the Company's Relationship with Tidewater Midstream

Tidewater Midstream's Shareholdings and Provision of Shared Services

Tidewater Midstream is the majority Shareholder of the Company and, as such, is able to exert significant influence on the Company through its voting rights, including the right to vote for the election of directors to the Board. In addition, pursuant to the Governance Agreement, Tidewater Midstream has the right, in certain circumstances, to nominate directors for election to the Board and has certain consent rights. As a result, Tidewater Midstream will be able to exercise influence over the management, administration, strategy and growth of the Company.

The Company currently depends on Tidewater Midstream to provide certain management and administrative services to the Company pursuant to the Shared Services Agreement. Tidewater Midstream personnel that provide services to the Company under the Shared Services Agreement are not required to have as their primary responsibility the administration of the Company or to act exclusively for the Company. The Shared Services Agreement does not require any specific individuals to be provided by Tidewater Midstream. If the Company is not satisfied with the manner in which Tidewater Midstream performs its services under the Shared Services Agreement, it is only entitled to terminate such services by mutual agreement of the parties in writing. The failure of Tidewater Midstream to exercise its influence or provide its services in a manner consistent with the views of the directors or Management could materially adversely affect the Company's business and financial condition.

Furthermore, Tidewater Midstream has experienced departures of key employees in the past and this could also happen in the future, and the Company cannot predict the impact that any such departures will have on the Company's ability to achieve its objectives, particularly during the term of the Shared Services Agreement. See "*Risk Factors — Risks Relating to the Company's Business, Renewable Energy Industry and Operating Environment — Reliance on Key Personnel*" and See "*Agreements with Tidewater Midstream and Other Counterparties*".

Competition from Tidewater Midstream

Tidewater Midstream is not prohibited from engaging in other businesses or activities, including those that might be in direct competition with those of the Company. In addition, Tidewater Midstream may compete with the Company for investment opportunities and may own an interest in entities that compete with Tidewater Midstream. This may create actual and potential conflicts of interest between the Company and Tidewater Renewables and result in less than favorable treatment of the Company and its Shareholders. See "*— Conflicts of Interest with Tidewater Midstream*", below.

Conflicts of Interest with Tidewater Midstream

The Shared Services Agreement, the Governance Agreement and the Company's other arrangements with Tidewater Midstream do not impose any duty on Tidewater Midstream to act in the best interest of the Company, and, as mentioned above, Tidewater Midstream is not prohibited from engaging in other business activities that may compete with those of the Company. The Company's ownership and management structure involves a number of relationships that may give rise to conflicts of interest between the Company and the Shareholders, on the one hand, and Tidewater Midstream, on the other hand. In certain instances, the interests of Tidewater Midstream may differ from the interests of the Company and its Shareholders, including the reinvestment of returns generated by the Company's activities, future acquisitions or strategic decisions, Tidewater Midstream operations and the appointment of outside advisors and service providers. It is possible that conflicts of interest may arise between the Company and Tidewater Midstream and that such conflicts may not be resolved in a manner that is in the best interests of the Company or its Shareholders. See "*Agreements with Tidewater Midstream and Other Counterparties*".

Under the Shared Services Agreement, Tidewater Midstream has not assumed any responsibility other than to perform its obligations and discharge its duties in the provision of the services under the Shared Services Agreement as a reasonable and prudent manager (as defined in the Shared Services Agreement). In addition, under the Shared Services Agreement, the liability of Tidewater Midstream is limited to liability arising directly from the gross negligence or willful misconduct of Tidewater Midstream or its affiliates and representatives, subject to certain exceptions. In addition, the Company has agreed to indemnify Tidewater Midstream and its affiliates and representatives from and against any claims, liabilities, losses, damages, costs or expenses incurred arising out of, or attributable to, any act or omission of Tidewater Midstream or the Company in connection with the provisions of the services described in the Shared Services Agreement by Tidewater Midstream, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from gross negligence or willful misconduct of Tidewater Midstream or its affiliates or representatives. The indemnification arrangements with the Company to which Tidewater Midstream is a party may also give rise to legal claims for indemnification that would be adverse to the Company and its Shareholders.

In addition, pursuant to the Governance Agreement, for so long as the percentage of outstanding Common Shares (on a non-diluted basis) beneficially owned directly or indirectly by Tidewater Midstream is not less than 40% of the issued and outstanding Common Shares, Tidewater Midstream is entitled to nominate such number of TWM Board Members that is equal to the greater of two and 40% of the members of the Board (rounded up or down to the nearest whole number, if applicable). Tidewater Midstream holds approximately 68.68% of the issued and outstanding Common Shares, which entitles Tidewater Midstream to nominate two members of the Board. The directors of the Company are required to act honestly and in good faith with a view to the best interests of the Company. However, directors nominated and subsequently appointed by a particular Shareholder are entitled, under the ABCA, to give special, if not exclusive, consideration to the interests of the Shareholder that appointed them. The interests of Tidewater Midstream may conflict with those of other Shareholders. See "*Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement*".

Departure of Tidewater Midstream's Professionals

The Company relies on the diligence, skill and business contacts of Tidewater Midstream's professionals and the information and opportunities they generate during the normal course of their activities. Tidewater Midstream's future success will depend on the continued service of these individuals, who are not obligated to remain employed with Tidewater Midstream. The departure of a significant number of Tidewater Midstream's professionals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on the Company's ability to achieve its objectives. The Shared Services Agreement does not require Tidewater Midstream to maintain the employment of any of its professionals or to cause any particular professionals to provide services to the Company or on its behalf.

Anticipated Benefits from Relationship with Tidewater Midstream

There are no assurances that the Company will be able to maintain its relationship with Tidewater Midstream or realize the benefits it anticipates from its relationship with Tidewater Midstream. If the Company is unable to successfully execute on this strategic relationship, the Company's overall growth could be impaired, and the Company's operational and financial performance could be lower than expected.

Ability to Recover Indemnification from Tidewater Midstream

As described under "*Agreements with Tidewater Midstream and Other Counterparties — Acquisition Agreements*", Tidewater Midstream has provided certain representations, warranties and indemnities regarding the Renewable Assets. If the Company suffers any loss as a result of a breach of the representations, warranties or any other term of the Acquisition Agreements by Tidewater Midstream, or as a result of the occurrence of an event for which Tidewater Midstream agreed to indemnify the Company under the terms of the Acquisition Agreements, the Company may not be able to recover the amount of its loss from Tidewater Midstream. Purchasers of Common Shares offered under this AIF will not have a direct right of action against Tidewater Midstream for a breach of the Acquisition Agreements. The sole remedy of the Shareholders against Tidewater Midstream will be through the Company exercising its rights under the Acquisition Agreements to claim for indemnification in respect of a breach by Tidewater Midstream of the representations and warranties or agreements contained therein, subject to the limitations specified therein and as described under "*Agreements with Tidewater Midstream and Other Counterparties — Acquisition Agreements*".

Future Changes in Relationship with Tidewater Midstream

The arrangements between the Company and Tidewater Midstream do not require Tidewater Midstream to maintain any ownership level in the Company. Accordingly, Tidewater Midstream may transfer all or a substantial portion of its interest in the Company to the public through secondary offerings (including pursuant to its rights under the Investor Liquidity Agreement, or to a third-party, including in a merger or consolidation or sale of Common Shares (without the consent of the Company or its Shareholders) subject to market conditions, Tidewater Midstream's requirements for capital or other circumstances that may arise in the future. Certain of the rights and obligations under the Governance Agreement, may also be assignable to a transferee of the Common Shares (other than in respect of transfers made pursuant to a public offering), upon notice to the Company. Accordingly, there can be no assurance as to who, or what entity, may hold and exercise such rights in the future. The interests of a transferee of the Common Shares may be different from Tidewater Midstream's and may not align with those of other Shareholders. The Company cannot predict with any certainty the effect that any such transfer would have on the trading price of the Common Shares or the Company's ability to raise capital in the future. As a result, the future of the Company would be uncertain and the Company's business and financial condition may suffer.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There have been no material legal proceedings that the Company is or was a party to, that any of the Company's property is or was the subject of or that the Company knows to be contemplated since January 1, 2023. For the purposes of the foregoing, a legal proceeding is not considered to be "material" by the Company if it involves a claim for damages and the amount involved, exclusive of interest and costs, does not exceed 10% of the Company's current assets, provided that if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the Company has included the amount involved in the other proceedings in computing such percentage. See "*Risk Factors*".

There have been no: (i) penalties or sanctions imposed against the Company by a court relating to Canadian Securities Laws or by a securities regulatory authority within the three years immediately preceding the date of this AIF; (ii) other penalties and sanctions imposed by court or regulatory body against the Company that the Company believes must be disclosed for this AIF to contain full, true and plain disclosure of all material facts relating to the Common Shares; or (iii) settlement agreements the Company entered into before a court relating to Canadian securities laws or with a securities regulatory authority within the three years immediately preceding the date of this AIF.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described elsewhere in this AIF, to the knowledge of Tidewater Renewables, there is no material interest, direct or indirect, of: (i) any director or executive officer of the Company; (ii) any person or corporation that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares; or (iii) an associate or affiliate (each, as defined in the *Securities Act* (Alberta)) of any persons or companies referred to in (i) or (ii), in any transaction within the three years before the date of this AIF that has materially affected or is reasonably expected to materially affect the Company. See "*Agreements with Tidewater Midstream and Other Counterparties*".

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is TSX Trust Company, at its principal offices in Calgary, Alberta and Toronto, Ontario where transfers of securities may be recorded.

MATERIAL CONTRACTS

Other than as set out below, there are no material contracts entered into by Tidewater Renewables within the most recently completed financial year, or before the most recently completed financial year but which are still in effect, other than contracts entered into in the ordinary course of business:

1. the Acquisition Agreements. See "*Agreements with Tidewater Midstream and Other Counterparties — Agreements Relating to the Acquisition — Acquisition Agreements*";
2. the Shared Services Agreement. See "*Agreements with Tidewater Midstream and Other Counterparties — Shared Services Agreement*";
3. the Governance Agreement. See "*Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement*";
4. the Investor Liquidity Agreement. See "*Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement*"; and
5. the credit agreement relating to the Credit Facility. See "*Borrowings — Credit Facility*".

Copies of these documents are available on SEDAR+ at www.sedarplus.ca under the Company's profile.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or related to, the Company's most recently completed financial year other than Deloitte LLP.

Deloitte LLP is the Company's independent auditors. Deloitte LLP has advised they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca under the Company's profile.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Tidewater Renewables' securities and securities authorized for issuance under equity compensation plans, where applicable, will be contained in Tidewater Renewables' information circular for the next annual meeting of Shareholders that involves the election of directors and additional information as provided in Tidewater Renewables' comparative financial statements for its most recently completed financial year. Tidewater Renewables will provide this information to any person, upon request made to the Chief Financial Officer of Tidewater Renewables at Suite 900, 222 – 3rd Avenue S.W., Calgary, Alberta, T2P 0B4. The documents will also be located on SEDAR+ at www.sedarplus.ca under the Company's profile.

Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the year ended December 31, 2023, which are also available on SEDAR+ at www.sedarplus.ca under the Company's profile.

SCHEDULE A

AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Tidewater Renewables Ltd. ("**Tidewater Renewables**" or the "**Company**") to which the Board has delegated its responsibility for the oversight of the following:

1. nature and scope of the annual audit;
2. the oversight of management's reporting on internal accounting standards and practices;
3. the review of financial information, accounting systems and procedures;
4. financial reporting and financial statements,
5. and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. To assist directors of Tidewater Renewables ("**Directors**") in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Company and related matters, including compliance with legal and regulatory requirements;
2. To provide better communication between Directors and external auditors;
3. To enhance the external auditor's independence;
4. To increase the credibility and objectivity of financial reports, the financial reporting process and internal controls over financial reporting;
5. To strengthen the role of the independent Directors by facilitating in depth discussions between Directors on the Committee, management of Tidewater Renewables ("**Management**") and external auditors;
6. To maintain oversight of risk identification, assessment and management programs; and
7. To establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.

Membership of Committee

1. The Board, on recommendation of the Governance, Compensation, Safety and Sustainability Committee, will appoint members to the Committee. The Committee will be comprised of at least three (3) Directors or such greater number as the Board may determine from time to time and all members of the Committee shall be "independent" (as such term is used in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") unless the Board determines that the exemption contained in NI 52-110 is available and determines to rely thereon.
2. The Board, on recommendation of the Governance, Compensation, Safety and Sustainability Committee, may from time to time designate one of the members of the Committee to be the Chair of the Committee.

3. All of the members of the Committee must be "financially literate" (as defined in NI 52 110) unless the Board determines that an exemption under NI 52 110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of NI 52 110.

Mandate and Responsibilities of Committee

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors, including the resolution of any disagreements between Management and the external auditors regarding financial reporting.

2. Satisfy itself on behalf of the Board with respect to Tidewater Renewables' internal control systems, including financial and non-financial elements; identify, monitor and mitigate business risks; and ensuring compliance with legal, ethical and regulatory requirements.

3. Review the annual and interim financial statements of the Company and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include but not be limited to:

    - reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;

    - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;

    - reviewing accounting treatment of unusual or non-recurring transactions;

    - ascertaining compliance with covenants under loan agreements;

    - reviewing disclosure requirements for commitments and contingencies;

    - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;

    - reviewing unresolved differences between Management and the external auditors;

    - obtaining explanations of significant variances with comparative reporting periods; and

    - determining through inquiry if there are any related party transactions and ensuring that the nature and extent of such transactions are properly disclosed.

4. In addition to the review of financial statements and MD&A described above, review public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results, prospectuses, and if applicable, the annual information form) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Tidewater Renewables' disclosure of all other financial information and will periodically assess the accuracy of those procedures.

5. With respect to the appointment of external auditors by the Board:

    - recommend to the Board the external auditors to be nominated;

    - recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;

    - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Company to determine the auditors' independence;

- monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinions between management and the external auditor;

- when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and

- review and pre approve any non-audit services to be provided to Tidewater Renewables or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre–approve non–audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre–approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.

6. Review with external auditors (and internal auditor if one is appointed by Tidewater Renewables) their assessment of the internal controls of Tidewater Renewables, their written reports containing recommendations for improvement, and Management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Tidewater Renewables and its subsidiaries.

7. Review risk management policies and procedures of the Company (i.e., hedging, litigation, third-party credit risk, insurance and cybersecurity). In this regard, the Committee shall:

   - Regularly identify and review the principal business risks, including potential emerging risks, of the Company and the actions taken by the Company to mitigate the risks;

   - Regularly identify and review the principal financial risks and exposures of the Company, together with mitigating strategies, including physical and financial positions in commodities markets, derivatives strategies, capital commitments, foreign exchange exposures, and exposure to interest rate fluctuations, as well as non-financial risks and exposures including, but not limited to, risks relating to climate change, environmental and social elements;

   - Regularly review the policies and activities of the Company's treasury and marketing groups and the financial risks arising from those activities, including any proposed authorities of Management from the Board for the hedging of the exposures;

   - Review, and if desirable, recommend changes to the insurance program including coverage for property damage, business interruption and liabilities; and

   - Regularly review and identify information technology, information systems and cybersecurity risks of the Company.

8. Establish a procedure for:

   - the receipt, retention and treatment of complaints received by Tidewater Renewables regarding accounting, internal accounting controls or auditing matters; and

   - the confidential, anonymous submission by employees of Tidewater Renewables of concerns regarding questionable accounting or auditing matters.

9. Review and approve Tidewater Renewables' hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of the Company.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Company. The Committee will also have the authority to investigate any financial activity of Tidewater Renewables. All employees of Tidewater Renewables are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of Tidewater Renewables without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote and in such cases, the undecided matter should be referred to the Board as a whole.

2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.

3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.

4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer of Tidewater Renewables will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.

5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

7. The Committee may invite such officers, directors and employees of the Company and its subsidiaries and related corporate entities as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee. At each meeting, the Committee will meet, including with the external auditors, in camera without management present.

8. Minutes of the Committee will be recorded and maintained and circulated to Directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Company as determined by the Committee.

10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee each member will hold such office until the Committee is reconstituted.

11. Any issues arising from these meetings that bear on the relationship between the Board and Management should be communicated to the Chair of the Board by the Committee Chair.

12. In discharging its duties under this Mandate, the Committee may investigate any matter brought to its attention and will have access to all books, records, facilities and personnel, may conduct meetings or interview any officer or employee, the Company's legal counsel, external auditors and consultants and may invite any such persons to attend any part of any meeting of the Committee.