TIDEWATER

Renewables Ltd.

Management's Discussion and Analysis
For the three and six month periods ended June 30, 2024

August 14, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (the "MD&A") of the condensed interim consolidated financial and operating results of Tidewater Renewables Ltd. ("Tidewater Renewables" or the "Corporation") is dated August 14, 2024, and should be read in conjunction with Tidewater Renewables' condensed interim consolidated financial statements as at and for the three and six month periods ended June 30, 2024, and 2023 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which represent generally accepted accounting principles ("GAAP"). This MD&A contains non-GAAP measures which are used to measure and analyze financial performance, financial position and cash flow and therefore may not be comparable to similar measures presented by other entities. This MD&A also contains forward-looking statements. Readers are cautioned that the MD&A should be read in conjunction with Tidewater Renewables' disclosure under "Non-GAAP and Other Financial Measures" and "Forward-Looking Information" included at the end of this MD&A. Unless otherwise indicated, referencing to "$" or "dollars" are to Canadian dollars.

Management is responsible for preparing the MD&A. The MD&A has been reviewed and recommended by the Audit Committee of Tidewater Renewables' Board of Directors and approved by its Board of Directors.

BUSINESS OVERVIEW

Tidewater Renewables is a multi-faceted, energy transition company. The Corporation is focused on the production of low carbon fuels, including renewable diesel. The Corporation was created in response to the growing demand for renewable fuels in North America and to capitalize on its potential to efficiently turn a wide variety of renewable feedstocks (such as tallow, used cooking oil, distillers corn oil, soybean oil, canola oil and other biomasses) into low carbon fuels. Tidewater Renewables' objective is to become a leading Canadian renewable fuel producer. The Corporation is pursuing this objective through the ownership, development, and operation of clean fuels projects and related infrastructure, that utilize existing proven technologies. Tidewater Renewables' common shares are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "LCFS".

Tidewater Renewables' assets are located in Alberta and British Columbia (collectively the "Renewable Assets"). The Corporation's renewable fuel assets are co-located at the Prince George Refinery (the "PGR"), which is owned by the Corporation's controlling shareholder, Tidewater Midstream and Infrastructure Ltd. ("Tidewater Midstream"). The Corporation's assets at the PGR include the Renewable Diesel & Renewable Hydrogen ("HDRD Complex"), canola co-processing infrastructure, the fluid catalytic cracking ("FCC") co-processing infrastructure and working interests in various other refinery units. The Corporation's other operating assets include a natural gas storage facility co-located at Tidewater Midstream's Brazeau River Complex and a renewable feedstock collection business. Through these assets and projects, Tidewater Renewables aims to supply low carbon fuels to existing and future customers, investment grade counterparties under certain offtake agreements, government entities, and others in the transportation, utilities, refining, marketing, and power industries. See "Outlook and Corporate Update" and "Capital Program" for more information on these assets and projects.

Additional information relating to Tidewater Renewables is available on SEDAR+ at www.sedarplus.ca and at www.tidewater-renewables.com.

HIGHLIGHTS

- Net income attributable to shareholders was $4.9 million during the second quarter of 2024, compared to net income of $2.7 million in the second quarter of 2023.

- During the second quarter of 2024, Tidewater Renewables generated record Adjusted EBITDA(1) of $29.6 million, an increase of 17% from the previous quarter.

- Net cash provided by operating activities totaled $32.5 million and the Corporation generated record distributable cash flow(1) of $20.3 million in the second quarter of 2024.

- Tidewater Renewables' second quarter 2024 results were driven by significant improvements in throughput and reliability at the HDRD Complex. During the second quarter of 2024, the HDRD Complex averaged daily throughput of 2,925 bbl/d, representing a 98% utilization rate.

- During the second quarter of 2024, Tidewater Renewables continued to make meaningful progress on the front-end engineering design ("FEED") of its proposed 6,500 bbl/d sustainable aviation fuel ("SAF") project. The SAF project remains subject to a final investment decision which is expected in 2025.

SUBSEQUENT EVENTS

- The Special Committees and Board of Directors of both Tidewater Renewables and Tidewater Midstream ("the Parties") have approved entering into a related party purchase and sale agreement, whereby Tidewater Midstream will acquire from Tidewater Renewables its canola co-processing infrastructure, the fluid catalytic cracking co-processing infrastructure, working interests in various other Prince George refinery units, and a natural gas storage facility co-located at Tidewater Midstream's Brazeau River Complex. Consideration for this related party transaction will consist of a cash payment by Tidewater Midstream of $129.7 million, and a commitment to purchase a minimum of $80.7 million for BC LCFS credits, as they are produced by Tidewater Renewables, over the next nine months, if the HDRD Complex continues to operate at over 90% utilization (the "Proposed Transaction"). The Proposed Transaction is expected to close during the third quarter of 2024, pending regulatory and lender approvals. The Corporation will use the net proceeds from the Proposed Transaction to repay amounts on its Senior Credit Facility, which will provide an immediate improvement to Tidewater Renewables' liquidity issues and leverage profile and a reduction to cash interest costs going forward.

- On August 14, 2024, the Corporation entered into a definitive purchase and sale agreement for the sale its used cooking oil feedstock assets for $10.5 million, subject to certain adjustments prior to and following the closing of the transaction. The sale is expected to close in September, 2024. Net proceeds of this transaction will be used to repay outstanding debt balances.

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

RELATED PARTY ASSET SALES AND FORWARD CREDIT SALES

During the first and second quarters of 2024, Tidewater Renewables forward sold BC LCFS credits at an average price of approximately $450 per credit to various counterparties. Towards the end of the second quarter of 2024, when the Corporation approached numerous counterparties to contract BC LCFS credit sales for the third quarter of 2024, it was unable to secure any bids. BC LCFS credit sales prices for July 2024 transactions, reported by the Government of British Columbia in August 2024, confirmed that only two BC LCFS credit sales transactions occurred at an average price of $207 per credit. This sharp decline in BC LCFS credit prices is believed to be a function of large volumes of subsidized US renewable diesel physically moving out of the oversupplied US renewable fuel market and into the higher value BC market. Aggravating the situation is, in management's view, overlapping US and Canadian low carbon fuel policies which allow US renewable diesel producers to take advantage of US and state compliance credits, which are generated at the point of production, then import their volumes to Canada and generate BC LCFS emission credits at the point of sale.

While CFR operating emission credit pricing has remained relatively stable, the BC LCFS capital and operating emission credit pricing has significantly declined after June 30, 2024. In August 2024, the Government of British Columbia reported BC LCFS capital and operating emissions credit sales prices for July 2024 transactions at an average price of $207 per BC LCFS emission credit, resultant from two BC LCFS emission credit sales transactions as compared to an average price of over $450 per BC LCFS emission credit for each of the past twelve months.

In the long-term, the Corporation believes that the combination of supply demand fundamentals forcing the shut-in of high-cost US renewable fuel production, tightening California LCFS compliance obligations, and tightening BC LCFS compliance obligations is expected to ease the pressure on BC LCFS credit prices. In addition, cold weather diesel specifications are expected to limit physical imports of renewable diesel in the fourth quarter of 2024 and first quarter of 2025.

However, the current market situation has created a liquidity issue for the Corporation. Tidewater Renewables relies heavily on revenue generated from environmental attributes such as the BC LCFS and CFR credits. The Corporation has approached the BC Government to discuss potential changes the government could make to the BC LCFS credit market in an attempt to improve liquidity and pricing stability for BC LCFS capital and operating emission credits.

As the Corporation had no forward sales contracted for BC LCFS credits expected to be generated from renewable diesel sales during the third quarter of 2024, management has been evaluating alternative liquidity sources for the Corporation, including the Proposed Transaction, while the sector awaits a longer-term solution. In connection with the Proposed Transaction, the Corporation's Board of Directors established an independent special committee (the "Renewables Special Committee") to evaluate the Proposed Transaction and negotiate the terms thereof with the independent special committee established by the Board of Directors of Tidewater Midstream (the "Midstream Special Committee") and to access alternative liquidity sources. The Renewables Special Committee has retained a financial advisor and legal counsel in connection with the Proposed Transaction.

The Special Committees and Board of Directors of both Tidewater Renewables and Tidewater Midstream have approved entering into a related party agreement whereby Tidewater Midstream will acquire various assets and commit to future BC LCFS credit purchases from Tidewater Renewables, in exchange for total potential proceeds consisting of $129.7 million and a commitment by Tidewater Midstream to purchase a minimum of $80.7 million for BC LCFS credits as they are produced by Tidewater Renewables over the next nine months, if the HDRD Complex continues to operate at over 90% utilization. The estimated proceeds will be used to repay amounts outstanding on the Senior Credit facility, which will provide an immediate improvement to Tidewater Renewables' liquidity issues, leverage profile and a reduction to go forward cash interest costs.

The assets to be divested include Tidewater Renewables' canola co-processing infrastructure, the fluid catalytic cracking ("FCC") co-processing infrastructure and steam methane reformer, working interests in various other Prince George refinery units, and a natural gas storage facility co-located at Tidewater Midstream's Brazeau River Complex (the "Divestiture Assets").

The Divestiture Assets generated annual Adjusted EBITDA[(1)] of $40.0 million to $50.0 million through previously contracted take-or-pay or operating agreements with Tidewater Midstream. Upon close of the Proposed Transaction, the contracted take-or-pay and operating agreements will be terminated.

The completion of the Proposed Transaction is contingent upon Tidewater Renewables securing all requisite regulatory consents and approvals, both Tidewater Renewables and Tidewater Midstream obtaining financing approval, and the completion of final documentation. Tidewater Renewables is exempt from the valuation and majority of the minority approval requirements stipulated in Section 5.4 and 5.6 of Multilateral Instrument 61-101, Protection of Minority Security Holders in Special Transactions ("MI 61-101"), due to the "financial hardship" exemption provided in Section 5.5(g) and 5.7(1)(e) of MI 61-101.

FINANCIAL HIGHLIGHTS

(in thousands of Canadian dollars except per share information)	Three months ended June 30, **2024**	2023	Six months ended June 30, **2024**	2023
Revenue	**$ 147,238**	$ 13,163	**$ 258,477**	$ 33,059
Net income (loss) attributable to shareholders	**$ 4,935**	$ 2,654	**$ 12,655**	$ (18,823)
Net income (loss) attributable to shareholders per share – basic	**$ 0.14**	$ 0.08	**$ 0.36**	$ (0.54)
Net income (loss) attributable to shareholders per share –diluted	**$ 0.14**	$ 0.07	**$ 0.35**	$ (0.54)
Adjusted EBITDA [(1)]	**$ 29,570**	$ 8,067	**$ 54,840**	$ 20,702
Net cash provided by (used in) operating activities	**$ 32,494**	$ (7,348)	**$ 72,952**	$ 4,101
Distributable cash flow [(1)]	**$ 20,326**	$ (7,877)	**$ 33,107**	$ (2,604)
Distributable cash flow per share – basic [(1)]	**$ 0.58**	$ (0.23)	**$ 0.95**	$ (0.07)
Distributable cash flow per share – diluted [(1)]	**$ 0.56**	$ (0.22)	**$ 0.91**	$ (0.07)
Total common shares outstanding (000s)	**34,868**	34,724	**34,868**	34,724
Total assets	**$ 1,073,881**	$ 1,032,896	**$ 1,073,881**	$ 1,032,896
Net debt [(1)]	**$ 316,387**	$ 293,088	**$ 316,387**	$ 293,088

(1) Refer to "Non-GAAP and Other Financial Measures".

OUTLOOK AND CORPORATE UPDATE

Tidewater Renewables' primary focus continues to be on maintaining a high and consistent utilization rate at the HDRD Complex. The Corporation expects the HDRD Complex to exceed an average 2024 throughput of 2,550 bbl/d, inclusive of the 2,925 bbl/d of throughput in the second quarter of 2024. During 2024, the Corporation also expects to optimize the HDRD Complex's operating costs and progress the engineering design on its announced SAF project.

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

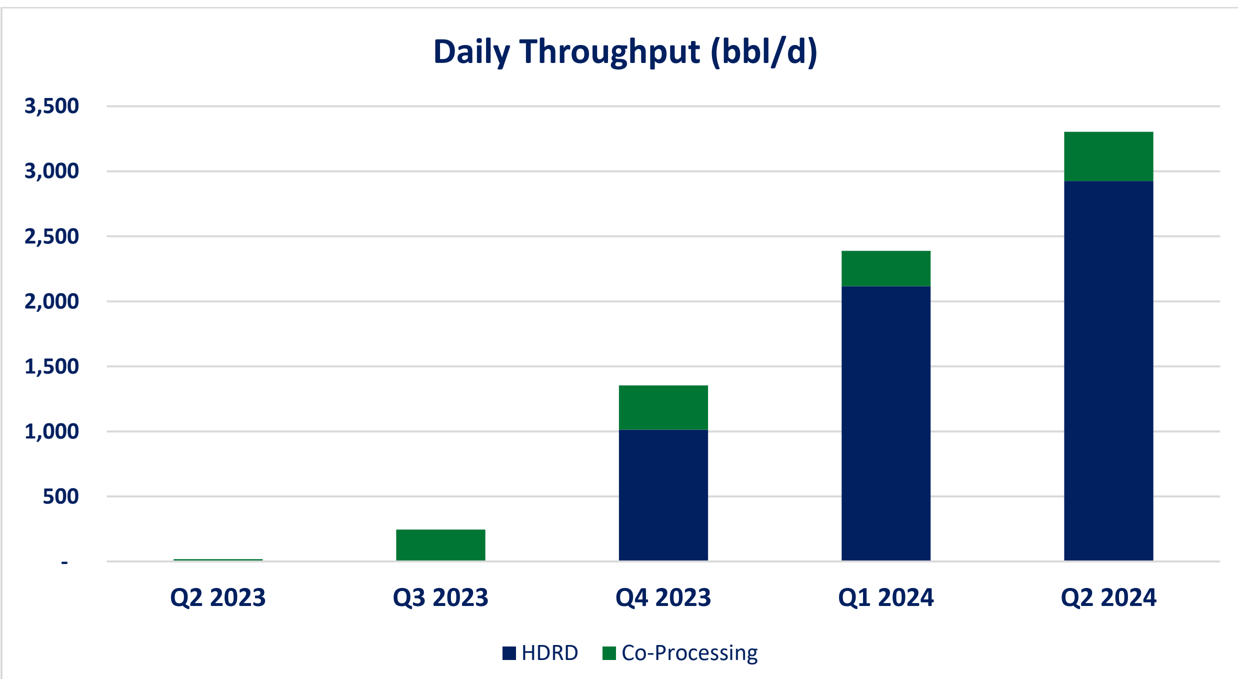
In line with its objectives, Tidewater Renewables expects to execute a restrained 2024 capital program offset by government funding – see the “Capital Program” section of this MD&A for further information.

HDRD Complex and Renewable Fuel Assets

Tidewater Renewables’ HDRD Complex is Canada’s first standalone renewable diesel facility and is located adjacent to Tidewater Midstream’s PGR. The HDRD Complex is designed to process 3,000 bbl/d of renewable feedstock and utilizes renewable hydrogen to reduce its carbon intensity (“CI”). The HDRD Complex is complemented by the Corporation’s co-processing infrastructure, which also produce renewable fuels, and working interests in a steam methane reformer, unifiner reactor, storage tanks, certain utilities, and rail & truck racks.

The HDRD Complex’s pre-treatment facility enables the Corporation to utilize a wide variety of feedstocks in the production of renewable fuels. This flexibility reduces dependency on specific feedstocks and optimizes refining costs. The Corporation has entered into financial forward contracts for vegetable oils and refined products to minimize commodity price exposure and protect its cash flows. The Corporation remains hedged on approximately 50% and 30% of its feedstock volume requirements through 2024 and 2025, respectively.

During the second quarter of 2024, the HDRD Complex and co-processing units averaged throughput of 2,925 bbl/d and 379 bbl/d, respectively, and the six month period ending June 30, 2024 averaged 2,520 bbl/d and 325 bbl/d, respectively.



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

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

Renewable Natural Gas Assets

The Corporation operates a natural gas storage facility near Drayton Valley, Alberta. This facility is configured to inject, store, cycle and sell natural gas, and includes injection/withdrawal wells, a 1,480 horsepower compressor, and approximately 30 kilometers of pipelines.

The Corporation partnered with Rimrock RNG Inc. (“Rimrock”) to develop a renewable natural gas facility in Foothills County, Alberta. The facility will utilize Tidewater Renewables' natural gas processing and marketing experience along with Rimrock's access to feedstocks. The renewable natural gas partnership has a 20-year offtake agreement to purchase all the RNG production from the facility. Tidewater Renewables is advancing the facility's engineering design and regulatory applications. The final investment decision on the RNG Facility remains subject to municipal land use approvals, commercial arrangements and final engineering and cost estimates.

CAPITAL PROGRAM

Tidewater Renewables is executing a restrained 2024 capital program that is expected to be significantly offset by government funding – see the “Liquidity and Capital Resources – Other Capital Resources” section of this MD&A for further information.

The centerpiece of Tidewater Renewables’ 2024 growth capital program is the front-end engineering design (“FEED”) of a proposed 6,500 bbl/d renewable diesel and sustainable aviation fuel project in British Columbia. This project is being developed under a joint development agreement with Tidewater Midstream, 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 HDRD Complex.

The SAF FEED is expected to be completed in 2025 and to be funded through the sale of capital emissions credits issued under an executed incentive agreement. To manage price exposure on these emissions credits, the Corporation has secured a purchase commitment with an independent third party for the capital emissions credits it expects to receive.

The Corporation expects to execute a 2024 maintenance capital program of approximately $4.4 million. This program includes upgrades to the Corporation’s working interest assets at the PGR and optimization and operating cost reduction initiatives at the HDRD Complex.

Tidewater Renewables continues to see significant interest in supporting future renewable fuel and renewable gas initiatives from various levels of provincial and federal governments.

RESULTS OF OPERATIONS

Financial Overview

(in thousands of Canadian dollars except per share information)	Three months ended June 30, 2024		Three months ended June 30, 2023		Six months ended June 30, 2024		Six months ended June 30, 2023	
Revenue	**$**	**147,238**	$	13,163	**$**	**258,477**	$	33,059
Operating expenses	**$**	**103,471**	$	6,633	**$**	**183,164**	$	15,322
General and administrative	**$**	**4,585**	$	1,853	**$**	**5,072**	$	3,643
Share-based compensation	**$**	**(1,241)**	$	1,635	**$**	**(113)**	$	3,355
Depreciation	**$**	**9,334**	$	5,264	**$**	**18,898**	$	10,188
Finance costs and other	**$**	**10,304**	$	4,542	**$**	**19,655**	$	9,949
Realized loss (gain) on derivative contracts	**$**	**9,883**	$	1,184	**$**	**18,023**	$	(1,403)
Unrealized loss (gain) on derivative contracts	**$**	**5,234**	$	(9,195)	**$**	**(317)**	$	27,840
Gain on warrant liability revaluation	**$**	**(460)**	$	(720)	**$**	**(945)**	$	(7,970)
Income from equity investments	**$**	**(364)**	$	(1,813)	**$**	**(1,461)**	$	(2,586)
Transaction costs	**$**	**-**	$	21	**$**	**5**	$	101
Deferred income tax expense (recovery)	**$**	**1,557**	$	1,105	**$**	**3,841**	$	(6,557)
Net income (loss) attributable to shareholders	**$**	**4,935**	$	2,654	**$**	**12,655**	$	(18,823)
Net income (loss) attributable to shareholders per share – basic	**$**	**0.14**	$	0.08	**$**	**0.36**	$	(0.54)
Net income (loss) attributable to shareholders per share – diluted	**$**	**0.14**	$	0.07	**$**	**0.35**	$	(0.54)

Revenue

Revenue increased to $147.2 million in the second quarter of 2024, compared to $13.2 million in the second quarter of 2023. Revenue for the six months ended June 30, 2024 was $258.5 million, compared to $33.1 million for the same period in 2023. The increase for both periods is attributable to the commencement of operations at the HDRD Complex and the sale of blended renewable fuels to customers. The majority of the blended renewable fuels sold in the first half of 2024, was a mixture of renewable diesel and conventional diesel purchased from Tidewater Midstream. Revenue for the three and six months ended June 30, 2024, includes approximately $55.7 million and $85.2 million of operating emissions credit sales, respectively. For the same periods of 2023, there were no operating emissions credit sales.

Operating Expenses

Operating expenses for the three and six months ended June 30, 2024 were $103.5 million and $183.2 million, respectively, compared to $6.6 million and $15.3 million, respectively, in the corresponding periods in 2023. The increase was primarily attributable to the commencement of operations at the HDRD Complex and the purchase of blending fuels from Tidewater Midstream.

General and Administrative

General and administrative ("G&A") expenses for the second quarter of 2024 were $4.6 million, compared to $1.9 million in the second quarter of 2023. G&A expenses for the six months ended June 30, 2024, were $5.1 million, compared to $3.6 million for the six months ended June 30, 2023. G&A expenses in the comparative periods were reduced by the capitalization of corporate costs to the HDRD project, which ceased when the HDRD Complex commenced commercial operations in November 2023. G&A expenses in the second quarter of 2024 were higher due to one-time employee severance costs, however the year-to-date expenses were offset by lower deferred compensation payments.

Share-Based Compensation

For the three and six months ended June 30, 2024, the Corporation's share-based compensation decreased to recoveries of $1.2 million and $0.1 million, respectively, compared to expenses of $1.6 million and $3.4 million, respectively, for the same periods in 2023. The decrease is primarily attributable to share award forfeitures and cancellations.

Depreciation

Depreciation relates to the Corporation's property, plant and equipment, and right-of-use assets. Assets under construction are not depreciated until they commence operations. Depreciation for the three and six months ended June 30, 2024, was $9.3 million and $18.9 million, respectively, compared to $5.3 million and $10.2 million for the same periods in 2023, respectively. The increase in both periods is attributable to the HDRD Complex starting commercial operations in November 2023.

Finance Costs and Other

Finance costs and other expenses for the second quarter of 2024 were $10.3 million, compared to $4.5 million for the same period in 2023. Finance costs and other for the six months ended June 30, 2024, were $19.7 million, compared to $9.9 million for the same period of 2023. For both periods, the increase is largely due to the absence of capitalized interest in 2024, and higher interest rates on larger net debt balances outstanding. On a year-to-date basis, the higher finance costs were partially offset by a $2.3 million unrealized gain on investments.

Finance costs and other includes interest on the Corporation's bank debt as well as other non-cash interest charges. Non-cash interest expenses include unrealized foreign exchange losses, unrealized gains or losses on investments, and accretion expenses on the Corporation's decommissioning obligations, lease liabilities and long-term debt.

Realized Gains or Losses on Derivative Contracts

The Corporation uses forward financial contracts to protect operating income against volatility in commodity prices. During the second quarter of 2024, the Corporation recognized a realized loss of $9.9 million on derivative contracts, compared to a loss of $1.2 million for the same period in 2023. Realized losses on derivative contracts for the six months ended June 30, 2024 were $18.0 million, compared to realized gains of $1.4 million for the same period in 2023. The realized losses on derivative contracts relate to lower average commodity prices for soybean oils in 2024. Generally, realized gains and losses on derivative contracts resulting from fluctuations in feedstock and energy prices are partially offset by an inverse gain or loss on physical product purchases and sales.

Unrealized Gains or Losses on Derivative Contracts

The Corporation recorded a non-cash unrealized loss of $5.2 million for the three months ended June 30, 2024, compared to an unrealized gain of $9.2 million for the same period in 2023. Unrealized gains on derivative contracts for the six months ended June 30, 2024 were $0.3 million, compared to an unrealized loss of $27.8 million for the same period in 2023. The changes in unrealized gains and losses are primarily due to pricing changes in the Chicago Board of Trade soybean oil futures market.

Gains on Warrant Liability Revaluation

The Corporation recognized non-cash revaluation gains of $0.5 million and $0.9 million for the three and six months ended June 30, 2024, respectively, from remeasuring the warrants to their fair value. The revaluation gains are due to the Corporation's lower closing share price and the shorter period to expiry.

Income from Equity Investment

During the three and six months ended June 30, 2024, the Corporation's investment in Rimrock Cattle Company Ltd. ("RCC") generated income of $0.4 million and $1.5 million, respectively, compared to $1.8 million and $2.6 million, respectively, in the same periods in 2023.

Deferred Income Tax Expense (Recovery)

For the three months ended June 30, 2024, the Corporation recognized a deferred income tax expense of $1.6 million, compared to a deferred income tax expense of $1.1 million for the three months ended June 30, 2023. The increase is the result of higher net income before tax for the second quarter of 2024, compared to the second quarter of 2023. During the six months ended June 30, 2024, the deferred income tax expense was $3.8 million, compared to a recovery of $6.6 million for the same period in 2023. The variance is the result of net income before tax for the first six months of 2024, compared to a net loss before tax for the same period in 2023.

Net Income and Loss Attributable to Shareholders

During the three months ended June 30, 2024, the Corporation generated net income attributable to shareholders of $4.9 million, compared to net income attributable to shareholders of $2.7 million for the same period of 2023. The increase is due to the inclusion of operating income from the HDRD Complex, partially offset by higher financing costs and losses on derivative contracts, as compared to the same period of 2023.

During the six months ended June 30, 2024, the Corporation generated net income attributable to shareholders of $12.7 million, compared to a net loss attributable to shareholders of $18.8 million for the same period of 2023. The increase is due to operating income from the HDRD Complex, partially offset by losses on derivative contracts, higher financing costs and deferred income tax expense, as compared to the same period of 2023.

Capital Expenditures

The following table summarizes acquisitions, growth and maintenance capital expenditures for the three and six months ended June 30, 2024 and 2023:

	Three months ended June 30,		**Six months ended June 30,**	
(in thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Growth capital [1]	**$ 7,771**	$ 45,484	**$ 13,211**	$ 125,415
Maintenance capital [1]	**785**	10,347	**1,117**	12,035
Expenditures on property, plant and equipment as per statement of cash flows	**$ 8,556**	$ 55,831	**$ 14,328**	$ 137,450
Capital emissions credits awarded [2]	**$ (12,975)**	$ (76,590)	**$ (33,625)**	$ (78,540)

(1) Refer to supplementary financial measures. See the "Non-GAAP and Other Financial Measures" section of this MD&A.
(2) During the three and six months ended June 30, 2024, $19.0 million and $33.6 million of capital emissions credits were monetized.

Growth Capital

Growth capital expenditures for the second quarter of 2024 were $7.8 million, compared to $45.5 million for the second quarter of 2023. During the six months ended June 30, 2024, growth capital expenditures were $13.2 million, compared to $125.4 million for the same period of 2023. Tidewater Renewable's 2024 growth capital relates to optimizing the HDRD Complex and advancing engineering on its SAF project. In the second quarter of 2024, the Corporation received emissions credits in connection with the SAF project for reaching the second of six milestones as outlined in an executed incentive agreement. The Corporation anticipates reaching the third milestone in the third quarter of 2024.

The 2023 growth capital program focused on the construction and commissioning of the HDRD Complex. Expenditures for the HDRD Complex and SAF project have been offset by funds received from the sale of capital emissions credits awarded by government entities for achieving milestones under executed incentive agreements.

Maintenance Capital

Tidewater Renewables places a high priority on the maintenance of its assets to provide safe operating conditions for its employees and reliable services to its customers. Maintenance capital expenditures for the second quarter of 2024 were $0.8 million, compared to $10.3 million for the second quarter of 2023. During the six months ended June 30, 2024, maintenance capital expenditures were $1.1 million, compared to $12.0 million for the same period of 2023. The decrease in maintenance capital is attributable to the PGR maintenance turnaround which took place in Q2 2023.

SUMMARY OF QUARTERLY RESULTS

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

(In thousands of Canadian dollars, except per share information)	**Q2 2024**	Q1 2024	Q4 2023	Q3 2023
Revenue	**$ 147,238**	$ 111,239	$ 40,376	$ 24,244
Net income (loss) attributable to shareholders	**$ 4,935**	$ 7,720	$ (12,747)	$ (9,449)
Net income (loss) per share attributable to shareholders – basic	**$ 0.14**	$ 0.22	$ (0.37)	$ (0.27)
Net income (loss) per share attributable to shareholders – diluted	**$ 0.14**	$ 0.21	$ (0.37)	$ (0.27)
Adjusted EBITDA [(1)]	**$ 29,570**	$ 25,270	$ 10,708	$ 14,531

(1) Refer to "Non-GAAP and Other Financial Measures".

(In thousands of Canadian dollars, except per share information)	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Revenue	$ 13,163	$ 19,896	$ 19,422	$ 19,697
Net income (loss) attributable to shareholders	$ 2,654	$ (21,477)	$ 14,132	$ (10,067)
Net income (loss) per share attributable to shareholders – basic	$ 0.08	$ (0.62)	$ 0.41	$ (0.29)
Net income (loss) per share attributable to shareholders – diluted	$ 0.07	$ (0.62)	$ 0.40	$ (0.29)
Adjusted EBITDA [(1)]	$ 8,067	$ 12,635	$ 16,717	$ 16,084

(1) Refer to "Non-GAAP and Other Financial Measures".

During the first half of 2024, Tidewater Renewables' results were impacted by the following factors and trends:

- two full quarters of commercial operations at the HDRD Complex;
- volatility in unrealized gains and losses on derivative contracts as a result of price movement in the commodities hedged by the Corporation; and
- higher finance costs related to increased debt balances and higher interest rates.

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

- volatility in unrealized gains and losses on derivative contracts as a result of price movement in the commodities hedged by the Corporation;
- escalating emissions targets supporting demand for emissions credits;
- a scheduled major maintenance turnaround at the PGR, reducing throughput and increasing maintenance capital; and
- higher finance costs relating to the costs associated with the construction of the HDRD Complex and rising interest rates.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation's primary liquidity and capital resource needs include funding the HDRD Complex's operations, future interest payments, working capital requirements and growth opportunities.

On June 30, 2024, the Corporation had negative working capital of $189.2 million, including $167.3 million of Senior Credit Facility and Additional Debt Capacity due on August 18, 2024. On June 30, 2024, the Corporation had total cash and cash equivalents of $2.0 million and cash flow provided by operating activities of $73.0 million for the six months ended June 30, 2024. The Corporation currently will have insufficient cash to fund its operations for the next 12 months if the Corporation's sales decline and/or the Senior Credit Facility and Additional Debt Facility under the Term Debt Facility mature, without extension or refinancing. To preserve adequate short-term liquidity of Tidewater Renewables, The Special Committee and Board of Directors of both Tidewater Midstream and Tidewater Renewables have approved entering into the Proposed Transaction. Readers should refer to the **RELATED PARTY ASSET SALES AND FORWARD CREDIT SALES** section of this MD&A for additional discussion on liquidity situation of Tidewater Renewables and the Proposed Transaction. While further debt refinancing is anticipated upon the close of the Proposed Transaction as described above, there can be no assurances that the Proposed Transaction will close and the current debt will be extended beyond the August 18, 2024, maturity date. Tidewater Renewables' ability to obtain additional financing or refinance existing obligations depends on whether the Proposed Transaction closes; the operating performance of its assets; market conditions, including the future prices of renewable diesel, BC LCFS credits and CFR credits; and the condition of capital markets. Additionally, circumstances related to changing government policies, inflation, and other factors causing disruption in the capital markets could make financing or refinancing more difficult and/or expensive and may limit the ability to obtain such financing or refinancing at all or on acceptable terms to the Corporation. Any refinancing may be at higher interest rates, less favorable terms, may require compliance with more onerous covenants, or result in dilution of shareholders.

Further to the Corporations deleveraging strategy, on August 14, 2024, Tidewater Renewables entered into a definitive purchase and sale agreement for the sale its non-core used cooking oil feedstock assets for $10.5 million, subject to certain adjustments prior to and following the closing of the transaction. The sale is expected to close in September, 2024. Net proceeds of this transaction will be used reduce debt levels and interest costs.

Debt Borrowings

The following table summarizes Tidewater Renewables' credit facility and term debt outstanding as at June 30, 2024:

(in thousands of Canadian dollars)	Maturity Date	Rate		Facility Amount		Amount Drawn
Senior Credit Facility	August 18, 2024	variable	$	175,000	$	143,358
Term Debt Facility	October 24, 2027	variable		175,000		175,000
Total			**$**	**350,000**	**$**	**318,358**

The Corporation has a revolving credit facility (the "Senior Credit Facility") with a syndicate of banks. The Senior Credit Facility can be drawn in either Canadian or U.S. funds and bears interest at the agent bank's prime lending rate or banker's acceptance rates, plus applicable margins. The Corporation also has a $175.0 million senior secured second lien credit facility with an Alberta based pension fund (the "Term Debt Facility"). The Term Debt Facility was drawn down by way of two advances. On October 24, 2022, $150.0 million was advanced (the "Original Principal Amount") and an additional $25.0 million (the "Additional Debt Capacity") was advanced on May 10, 2023.

Tidewater Renewables is required to maintain certain quarterly financial covenants on an annualized basis. The annualization basis is calculated on year-to-date 2024 results. The Corporation received a waiver for its December 31, 2023, quarterly financial covenants. The calculations for each of these ratios are based on specific definitions in the agreements governing the Senior Credit Facility and Term Debt Facility, are not in accordance with GAAP, and cannot be easily calculated by referring to the Corporation's financial statements. The financial covenants are as follows:

	Ratio	June 30, 2024
Consolidated debt (1) to adjusted EBITDA (annualized)	Max 4.00 : 1	3.05
Consolidated first lien (2) senior debt to adjusted EBITDA (annualized)	Max 3.00 : 1	1.37
Adjusted EBITDA to interest coverage (annualized)	Min 2.50 : 1	3.13

(1) Consolidated debt includes the Senior Credit Facility and the Term Debt Facility.
(2) First lien senior debt includes the Senior Credit Facility but excludes the Term Debt Facility.

The Term Debt Facility bears interest at 6.7% on the Original Principal Amount and at 9.5% for any amounts outstanding under the Additional Debt Capacity. The $25.0 million of Additional Debt Capacity had a maturity of August 18, 2024. The $25.0 million of Additional Debt Capacity is subject to variable quarterly repayments based on a portion of the Corporation's adjusted cash flows. The calculation of these adjusted cash flows is based on specific definitions in the agreements governing the Term Debt Facility, are not in accordance with GAAP, and cannot be easily calculated by referring to the Corporation's financial statements.

Cash Flow Summary

The following table summarizes the Corporation's sources and uses of funds for the three and six months ended June 30, 2024, and 2023 from continuing operations:

Cash flows provided by (used in)	**Three months ended June 30,**				**Six months ended June 30,**			
(in thousands of Canadian dollars)		**2024**		2023		**2024**		2023
Operating activities	**$**	**32,494**	$	(7,348)	**$**	**72,952**	$	4,101
Financing activities	**$**	**(6,943)**	$	29,120	**$**	**(45,241)**	$	81,354
Investing activities	**$**	**(35,706)**	$	(799)	**$**	**(25,845)**	$	(74,922)

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities was $32.5 million for the three months ended June 30, 2024, compared to net cash used by operating activities of $7.3 million for the three months ended June 30, 2023. Net cash provided by operating activities for the six months ended June 30, 2024 was $73.0 million, compared to $4.1 million for the six months ended June 30, 2023. The increase for both periods is attributable to a higher gross margin due to the commencement of commercial operations at the HDRD Complex in November 2023.

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

Net Cash (Used in) Provided by Financing Activities

Net cash used in financing activities for the three and six months ended June 30, 2024 was $6.9 million and $45.2 million, respectively, compared to net cash provided of $29.1 million and $81.4 million, respectively, for the same periods of 2023. The cash used in financing activities for the current periods is largely due to the repayment of debt, and higher interest and financing charges paid. Net cash provided by financing activities during the comparative periods was primarily due to advances of bank debt and term debt to fund the construction of the HDRD Complex.

Net Cash Used in Investing Activities

For the three and six months ended June 30, 2024, net cash used in investing activities was $35.7 million and $25.8 million, respectively, compared to $0.8 million and $74.9 million, respectively, for the same periods of 2023. The variance primarily relates to decreased capital expenditures and proceeds received from the sale of capital emissions credits, following the commissioning of the HDRD Complex, and changes in non-cash working capital.

CONTRACTUAL LIABILITIES AND COMMITMENTS

The Corporation had the following contractual obligations and commitments as at June 30, 2024:

(in thousands of Canadian dollars)	Within one year	One to five years	Thereafter	Total
Accounts payables, accrued liabilities and provisions	$ 51,818	$ -	$ -	$ 51,818
Derivative contracts	32,175	13,458	-	45,633
Lease liabilities (1)	7,065	9,898	-	16,963
Bank debt (2) (3)	143,358	-	-	143,358
Term debt (2) (3)	25,000	150,000	-	175,000
Warrant liability	2,250	-	-	2,250
Total	**$ 261,666**	**$ 173,356**	**$ -**	**$ 435,022**

(1) Amounts represent the expected undiscounted cash payments related to leases.
(2) The Corporation's Senior Credit Facility due August 18, 2024. The Term Debt Facility is due on October 24, 2027.
(3) Amounts represent undiscounted principal only and exclude accrued interest.

OUTSTANDING EQUITY

At August 13, 2024, Tidewater Renewables had the following number of outstanding common shares, restricted share units ("RSUs"), deferred share units ("DSUs"), stock options ("Options") and warrants ("Warrants"):

(in thousands)	
Common shares	34,875
RSUs	449
DSUs	45
Options	545
Warrants	3,375

TRANSACTIONS WITH RELATED PARTY

The Corporation has entered into certain agreements and transactions with its controlling shareholder, Tidewater Midstream. The impact of these agreements and transactions is discussed below.

Related party transactions included in the consolidated statements of net income (loss) and comprehensive income (loss) for the three and six months ended June 30, 2024 and 2023, are summarized in the following table:

	Three months ended June 30,		**Six months ended June 30,**	
(in thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Revenue from take-or-pay agreements	**$ 11,296**	$ 12,880	**$ 23,253**	$ 25,498
Revenue from the sale of renewable fuels	**47,623**	508	**77,322**	6,188
Purchases of blending fuels	**22,348**	-	**50,104**	-
Purchase of emission credits	**6,023**	-	**6,023**	-
Other operating expenses	**9,978**	1,444	**18,131**	6,848
G&A expenses under the share services agreement	**786**	753	**1,286**	1,579
Realized loss on derivative contracts	**1,030**	42	**1,841**	106
Unrealized loss (gain) on derivative contracts	**1,309**	(992)	**743**	1,765

Related party transactions included in the consolidated statement of cash flow for the three and six months ended June 30, 2024 and 2023, are summarized in the following table:

	Three months ended June 30,		**Six months ended June 30,**	
(in thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Lease payments	**$ (31)**	$ (31)	**$ (62)**	$ (62)
Capital emissions credit sales	**$ -**	$ -	**$ 12,250**	$ 4,600

The related party balances included in the consolidated statement of financial position as at June 30, 2024 and December 31, 2023, are summarized in the following table:

		June 30, 2024		December 31, 2023
Accounts receivable	**$**	**5,260**	$	5,522
Prepaid expenses and other	**$**	**-**	$	3,900
Accounts payables, accrued liabilities and provisions	**$**	**(8,870)**	$	(6,144)
Derivative contracts	**$**	**(6,731)**	$	(5,988)
Lease liabilities	**$**	**(392)**	$	(442)

For the three and six months ended June 30, 2024, Tidewater Renewables had no other transactions with related parties, except those pertaining to its contributions to Tidewater Renewables' long-term incentive plans and remuneration of key management personnel in the ordinary course of their employment.

FINANCIAL INSTRUMENTS

Tidewater Renewables' financial instruments consist of cash, accounts receivable, derivative contracts, accounts payable and accrued liabilities, bank debt and term debt. Tidewater Renewables employs risk management strategies and policies to ensure that any exposures to market risks are in compliance with the Corporation's business objectives and risk tolerance levels.

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

The Corporation enters into certain financial derivative contracts to manage commodity price risk and these instruments are not used for speculative purposes. The Corporation has not designated its financial derivative contracts as effective accounting hedges. Such financial derivative contracts are recorded on the statement of financial position at fair value, with changes in the fair value being recognized as an unrealized loss (gain) on the consolidated statement of net income and comprehensive income.

RISK FACTORS

The Corporation continually works to mitigate the impact of risks to its business by identifying all significant risks so that they can be appropriately managed. The risks that may affect the business and operations of Tidewater Renewables are described within the Corporation's AIF, an electronic copy of which is available on Tidewater Renewable's SEDAR+ profile at www.sedarplus.ca. The Corporation's financial risks are discussed in note 12 of the Condensed Interim Consolidated Financial Statements.

While Tidewater Renewables and Tidewater Midstream continue to negotiate the terms of the Proposed Transaction in good faith, there can be no assurance that any such negotiations or the non-binding letter of intent will ultimately result in definitive agreements, and, if they do, that the terms of the Proposed Transaction will be on the same terms as disclosed herein. The completion of the Proposed Transaction is subject to a number of conditions, including, but not limited to, the negotiation and execution of definitive agreements, satisfaction of all conditions negotiated therein (including financing) and the receipt of all necessary board and regulatory approvals and third party consents. A failure to complete the Proposed Transaction may adversely effect the Corporation's business.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates. The Corporation's use of estimates and judgments in preparing the Financial Statements is discussed in note 2 of the Condensed Interim Consolidated Financial Statements for the three and six month periods ended June 30, 2024, an electronic copy of which is available on Tidewater Renewables' SEDAR+ profile at www.sedarplus.ca.

CONTROL ENVIRONMENT

Management, including the Corporation's Chief Executive Officer and Chief Financial Officer, assessed the design and effectiveness of internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") as at June 30, 2024. In making its assessment, Management used the Committee of Sponsoring Organizations of the Treadway Commission Framework in Internal Control – Integrated Framework (2013) to evaluate the design and effectiveness of ICFR. Based on our evaluation, Management has concluded that both ICFR and DC&P were effective as at June 30, 2024.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

Non-GAAP Financial Measures

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

Adjusted EBITDA

Adjusted EBITDA is calculated as income (or loss) before finance costs, taxes, depreciation, share-based compensation, unrealized gains and losses on derivative contracts, transaction costs, and other items considered non-recurring in nature, plus the Corporation's proportionate share of Adjusted EBITDA in its equity investment.

Adjusted EBITDA is used by management to set objectives, make operating and capital investment decisions, monitor debt covenants and assess performance. The Corporation issues guidance on Adjusted EBITDA and believes that it is useful for analysts and investors to assess the performance of the Corporation as seen from management's perspective. Investors should be cautioned that Adjusted EBITDA should not be construed as an alternative to net income, net cash provided by operating activities or other measures of financial results determined in accordance with GAAP. Investors should also be cautioned that Adjusted EBITDA as used by the Corporation may not be comparable to financial measures used by other companies with similar calculations.

The following table reconciles net income (loss), the nearest GAAP measure, to Adjusted EBITDA:

	Three months ended June 30,		Six months ended June 30,	
(in thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Net income (loss)	**$ 4,935**	$ 2,654	**$ 12,655**	$ (18,823)
Deferred income tax expense (recovery)	**1,557**	1,105	**3,841**	(6,557)
Depreciation	**9,334**	5,264	**18,898**	10,188
Finance costs and other	**10,304**	4,542	**19,655**	9,949
Share-based compensation	**(1,241)**	1,635	**(113)**	3,355
Unrealized loss (gain) on derivative contracts	**5,234**	(9,195)	**(317)**	27,840
Gain on warrant liability revaluation	**(460)**	(720)	**(945)**	(7,970)
Transaction costs	**-**	21	**5**	101
Non-recurring transactions	**1,152**	3,927	**2,667**	4,264
Adjustment to share of profit from equity accounted investments	**(1,245)**	(1,166)	**(1,506)**	(1,645)
Adjusted EBITDA	**$ 29,570**	$ 8,067	**$ 54,840**	$ 20,702

Distributable Cash Flow

Distributable cash flow is calculated as net cash provided by (used in) operating activities before changes in non-cash working capital plus cash distributions from investments, transaction costs, non-recurring expenses, and after any expenditures that use cash from operations. Changes in non-cash working capital are excluded from the determination of distributable cash flow because they are primarily the result of seasonal fluctuations or other temporary changes, and are generally funded with short-term debt or cash flows from operating activities. Maintenance capital expenditures, including turnarounds, are deducted from distributable cash flow as they are ongoing recurring expenditures which are funded from operating cash flows. Transaction costs are added back as they vary significantly quarter to quarter based on the Corporation's acquisition and disposition activity. Distributable cash flow also excludes non-recurring transactions that do not reflect Tidewater Renewables' ongoing operations.

Management believes distributable cash flow is a useful metric for investors when assessing the amount of cash flow generated from the Corporation's normal operations. These cash flows are relevant to the Corporation's ability to internally fund growth projects, alter its capital structure, or distribute returns to shareholders.

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

(in thousands of Canadian dollars)	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Net cash provided by (used in) operating activities	**$ 32,494**	$ (7,348)	**$ 72,952**	$ 4,101
Add (deduct):				
Changes in non-cash working capital	**(2,930)**	11,037	**(21,253)**	10,749
Transaction costs	**-**	21	**5**	101
Non-recurring transactions	**1,152**	3,927	**2,667**	4,264
Interest and financing charges	**(7,842)**	(3,564)	**(16,645)**	(6,568)
Payment of lease liabilities	**(1,763)**	(1,603)	**(3,502)**	(3,216)
Maintenance capital	**(785)**	(10,347)	**(1,117)**	(12,035)
Distributable cash flow	**$ 20,326**	$ (7,877)	**$ 33,107**	$ (2,604)

Growth capital expenditures will generally be funded from net cash provided by operating activities, sales of capital emissions credits and proceeds from additional debt or equity, as required.

Non-GAAP Financial Ratios

The Corporation uses the following non-GAAP financial ratios to present aspects of its financial performance or financial position.

Distributable cash flow per common share (basic and diluted)

Distributable cash flow per common share is calculated as distributable cash flow over the weighted average number of common shares outstanding for the period.

Management believes that distributable cash flow per common share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

(in thousands of Canadian dollars except per share information)	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Distributable cash flow	**$ 20,326**	$ (7,877)	**$ 33,107**	$ (2,604)
Weighted average shares outstanding - basic	**34,847**	34,722	**34,812**	34,721
Weighted average shares outstanding - diluted	**36,028**	35,613	**36,194**	34,721
Distributable cash flow per share – basic	**$ 0.58**	$ (0.23)	**$ 0.95**	$ (0.07)
Distributable cash flow per share – diluted	**$ 0.56**	$ (0.22)	**$ 0.91**	$ (0.07)

Capital Management Measures

The Corporation has its own methods for managing capital and liquidity as further described in "*Liquidity, and Capital Resources*" section of this MD&A and within note 20 of the Consolidated Financial Statements for the year ended December 31, 2023.

Net Debt

Net debt is used by the Corporation to monitor its capital structure and financing requirements. It is also used as a measure of the Corporation's overall financial strength. Net debt is defined as bank debt and term debt, less cash.

Net debt excludes working capital, lease liabilities and derivative contracts as the Corporation monitors its capital structure based on net debt to Adjusted EBITDA, consistent with its credit facility covenants as described in "*Liquidity and Capital Resources*".

The following table reconciles net debt:

(in thousands of Canadian dollars)		**June 30, 2024**		**December 31, 2023**
Senior Credit Facility	**$**	**143,358**	$	171,749
Term Debt		**175,000**		175,000
Cash		**(1,971)**		(105)
Net debt	**$**	**316,387**	$	346,644

Supplementary Financial Measures

Growth Capital

Growth capital expenditures are defined as expenditures which are recoverable, incrementally increase cash flow or the earning potential of assets, expand the capacity of current operations, or significantly extend the life of existing assets. This measure can be used by investors to assess the Corporation's discretionary capital spending.

Maintenance Capital

Maintenance capital expenditures are generally defined as expenditures that support and/or maintain the current capacity, cash flow or earning potential of existing assets without the characteristic benefits associated with growth capital expenditures. These expenditures include major inspections and overhaul costs that are required on a periodic basis. This measure can be used by investors to assess the Corporation's non-discretionary capital spending.

OPERATIONAL DEFINITIONS

“bbl/d” means barrels per day.

“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 greenhouse gas emissions through the use of Part 3 fuels sooner than would occur without the agreed-upon action, which credits may be transferred upon validation.

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

"Capital emissions credits" refers to environmental credits granted or generated for the achievement of engineering or construction milestones on the expansion of the Corporation's capital assets.

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

“CFR credits” means credits generated under the Canadian Clean Fuel Regulation.

“ESG” means environmental, social and governance.

“Design capacity” means the throughput capacity that a facility or unit was designed to process or store.

“FEED” front-end engineering design.

“MMcf/d” means million cubic feet per day.

“Operating emissions credits” refers to environmental credits granted or generated through the production or blending of renewable fuels.

“RCC” refers to Rimrock Cattle Company Ltd.

“RNG” means renewable natural gas

“Refining margin” or “Crack spread” refers to the general price differential between a feedstock and the fuel products refined from it.

“SAF” means sustainable aviation fuel.

“Throughput” means with respect to a refinery units of the HDRD Complex, inlet volumes processed (including any off-load or reprocessed volumes); and with respect to a RNG facilities, inlet volumes processed (including any off-load or reprocessed volumes).

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

“Utilization” or “Utilization Rate” means the throughput of a facility or unit divided by its design capacity.

FORWARD-LOOKING INFORMATION

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

In particular, this MD&A contains forward-looking statements pertaining to, but not limited to, the following: the Corporation's ability to become a leading renewable fuel producer; the expected financial performance of the Corporation's capital projects and assets, including the Renewable Assets; the Corporation's ability to negotiate and enter into offtake agreements with investment grade counterparties; the Corporation's ability to supply low carbon fuels to existing and future customers, government entities, Indigenous groups and others; the expectation that the Corporation will be able to grow its revenue, actively maintain and manage its capital projects and assets, including the Renewable Assets; the Corporation's business plans and strategies, including the underlying existing assets and capital projects, and the success and timing of the projects and related milestones and capital costs; the Corporation's ability to progress commercial and regulatory processes with respect to the RNG Facility, and the receipt of land use approvals related to such facility; expectations related to the SAF facility including funding, costs, regulatory approval and the final investment decision thereof and anticipated production therefrom; the Corporation's operational and financial performance, including expectations regarding generating revenue, revenues and operating expenses; the expectation that the HDRD Complex will exceed a full-year 2024 average daily throughput of approximately 2,550 bbl/d; the ability to leverage existing infrastructure and engineering expertise of Tidewater Midstream regarding development of the Corporation's projects and product offerings; the ability of the Corporation to progress its feedstock strategy; the future price and volatility of commodities; expectations regarding the Corporation's 2024 growth capital program, the financing thereof and the anticipated benefits therefrom; the Corporation's ability to execute its maintenance capital program and the expected efficiencies arising therefrom; the continued government support for its initiatives; the anticipated terms (including expected proceeds), timing and completion of the Proposed Transaction, the necessary approvals needed to complete the Proposed Transaction, the use of proceeds received under the Proposed Transaction and the operational and financial position and the results, and the liquidity and leverage position of the Corporation, following completion of the Proposed Transaction; the Corporation's ability to negotiate and refinance its Senior Credit Facility and Additional Debt Capacity under its Term Debt Facility; the Corporation's adjusted cash flows and such measures' effect on variable repayments on the Additional Debt Capacity under its Term Debt Facility; expectations regarding its ability to generate capital emissions credits, future sales of such credits and expected revenues therefrom; and the availability, future price and volatility of feedstocks and other inputs.

Although the forward-looking statements contained in this MD&A are based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this MD&A, the Corporation has made assumptions regarding, but not limited to: Tidewater Renewables' ability to execute on its business plan; the timely receipt of all third party, governmental and regulatory approvals and consents sought by the Corporation, including with respect to the Corporation's approval related to the RNG Facility and other projects and applications; general economic and industry trends; operating assumptions relating to the Corporation's projects; expectations around level of output from the Corporation's projects, including assumptions relating to feedstock supply levels; the ownership and operation of Tidewater Renewables' business; regulatory risks; the expansion of production of renewable fuels by competitors; the future pricing of environmental credits; future commodity and renewable energy prices; sustained or growing demand for renewable fuels; the ability for the Corporation to successfully turn a wide variety of renewable feedstocks into low carbon fuels; changes in the credit-worthiness of counterparties; the Corporation's future debt levels and its ability to repay its debt when due; the Corporation's ability to continue to satisfy the terms and conditions of its credit facilities; the continued availability of the Corporation's credit facilities; the Corporation's ability to obtain additional debt and/or equity financing on satisfactory terms; the Corporation's ability to manage liquidity by working with its current capital providers and other sources and through the sale of environmental credits; foreign currency, exchange, inflation and interest rate risks; and the other assumptions set forth in the Corporation's most recent annual information form available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

The Corporation's actual results could differ materially from those anticipated in the forward-looking statements, as a result of numerous known and unknown risks and uncertainties and other factors including, but not limited to: changes in supply and demand for low carbon products; general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates, supply chain pressures, inflation, stock market volatility and supply/demand trends; risks of health epidemics, pandemics and similar outbreaks, including COVID-19, which may have sustained material adverse effects on the Corporation's business, financial position, results of operations and/or cash flows; risks and liabilities inherent in the operations related to renewable energy production and storage infrastructure assets, including the lack of operating history and risks associated with forecasting future performance; competition for, among other things, third-party capital, acquisition opportunities, requests for proposals, materials, equipment, labour, and skilled personnel; risks related to the ability to complete the Proposed Transaction on the terms (including proceeds) and timing expected or at all and the financial and operational, liquidity and leverage risks if the Proposed Transaction is not completed on such terms and timing or at all risks related to the Corporation's ability to refinance its Senior Credit Facility and Term Debt Facility on acceptable terms; the risk that the Corporation's Senior Credit Facility and the applicable portions of the Term Debt Facility may not be renewed or extended beyond August 18, 2024, or may not be renewed or extended at the same levels; risks related to the environment and changing environmental laws in relation to the operations conducted with the Renewable Assets and the Corporation's other capital projects; risks related to and the other risks set forth in the Corporation's most recent annual information form available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

The foregoing lists are not exhaustive. Additional information on these and other factors which could affect the Corporation's operations or financial results are set forth in the Corporation's most recent annual information form and in other documents on file with the Canadian Securities Administrators available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Management of the Corporation has included the above summary of assumptions and risks related to forward-looking statements provided in this MD&A in order to provide holders of common shares in the capital of the Corporation with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes. The Corporation's actual results' performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do occur, what benefits the Corporation will derive from them. Readers are therefore cautioned that the foregoing list of important factors is not exhaustive, and they should not unduly rely on the forward-looking statements included in this MD&A. Tidewater Renewables does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable securities law. All forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Further information about factors affecting forward-looking statements and management's assumptions and analysis thereof is available in the Corporation's most recent annual information form and other filings made by the Corporation with Canadian provincial securities commissions available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Financial Outlook

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about expectations regarding financial results for 2024 which are subject to the same assumptions, risk factors, limitations and qualifications as set out under the heading "Forward-Looking Information". The actual financial results of the Corporation may vary from the amounts set out herein and such variation may be material. The Corporation and its management believe that the financial outlook has been prepared on a reasonable basis, reflecting management's best estimates and judgments and the FOFI contained in this MD&A was approved by management as of the date hereof. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, the Corporation undertakes no obligation to update such FOFI. FOFI contained in this MD&A was made as of the date hereof and was provided for the purpose of providing further information about the Corporation's anticipated future business operations on an annual basis. Readers are cautioned that the FOFI contained in this MD&A should not be used for purposes other than for which it is disclosed herein.