TIDEWATER
Midstream and Infrastructure Ltd.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2019

March 12, 2020

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SCHEDULE

GENERAL MATTERS

The information in this annual information form ("**AIF**") is given as of December 31, 2019, unless otherwise indicated. All dollar amounts set forth in this AIF are in Canadian dollars, unless otherwise indicated.

Glossary and Abbreviations

In this AIF, unless otherwise indicated or the context otherwise requires, the following terms and abbreviations shall have the indicated meanings. Words importing the singular include the plural and vice versa and words importing a gender include any genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time:

"**API Gravity**" means American Petroleum Institute Gravity, a measure of the relative density of liquid petroleum products;

"**bbl**" or "**bbls**" means barrels;

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

"**Bcf**" means billion standard cubic feet;

"**BRC**" means the Brazeau River Complex located in the West Pembina region in central Alberta, wherein the Corporation has a 100% interest and which consists of a 225 MMcf/d deep-cut gas processing facility with approximately 10,000 bbls/d of liquid fractionation capability;

"**condensate**" means a mixture of hydrocarbons consisting primarily of pentanes and heavier liquids extracted from natural gas;

"**crude oil**" means a naturally occurring mixture of liquid hydrocarbons which occurs in many varieties, or grades, which are often categorized by properties such as density and sulphur content;

"**diesel**" means combustible petroleum distillate used as a fuel for diesel engines;

"**fee-based processing**" means a processing agreement that provides for a fee per unit of production sold or service provided and is generally not subject to commodity price risk;

"**feedstock**" means a raw material required for an industrial process such as crude oil refining;

"**fractionation**" means the process of using temperature and pressure to separate a mixture of NGLs with differing boiling points into individual products such as ethane, propane or butane;

"**gasoline**" means a volatile, flammable liquid mixture of hydrocarbon obtained from crude oil;

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

"**Mcf**" means thousand standard cubic feet;

"**Mcf/d**" means thousand standard cubic feet per day;

"**MMbbl**" means million barrels;

"**MMcf**" means million cubic feet;

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

"**NGL**" or "**NGLs**" means natural gas liquids, consisting of any one of ethane, propane, butane and condensate or a combination thereof;

"**Pioneer Pipeline**" means the 120 km natural gas pipeline connecting the BRC to TransAlta Corporation's generating units at Keephills and an 11km lateral connecting to Sundance;

"**PGR**" means the 12.0 Mbbl/d light oil refinery located at Prince George, British Columbia, acquired by Tidewater in the fourth quarter of 2019;

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

"**shrinkage gas**" means the natural gas supplied by an NGL extractor to replace energy shrinkage for the benefit of the shipper(s) whose gas has had NGL removed;

"**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;

"**terminalling**" means the receipt of NGLs and petroleum products for storage into storage tanks and other related equipment, including pipelines, where the NGLs will be commingled with other products of similar quality; the storage of NGLs; and the delivery of NGLs as directed by a distributor into a truck, vessel or pipeline; and

"**throughput**" means: with respect to a gas plant, 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 NGL processing facilities, the volume of inlet NGLs processed.

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

Certain statements contained in this AIF 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 or the future performance of Tidewater Midstream and Infrastructure Ltd. (the "**Corporation**" or "**Tidewater**"). 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 words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, 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 AIF should not be unduly relied upon. These forward-looking statements speak only as of the date of this AIF.

In particular, this AIF contains forward-looking statements pertaining to the following:

- Tidewater's ability to benefit from the combination of growth opportunities and the ability to grow through capital projects;
- Tidewater's acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom;
- the successful integration of acquisitions and projects, including the PGR and the Pipestone East Battery, into Tidewater's existing business;
- expected project schedules, regulatory timelines, completion/in-service dates, capital expenditures and capacities associated with capital projects;
- the emergence of accretive growth opportunities;
- the ability to achieve an appropriate level of quarterly cash dividends;
- supply and demand for services;
- budgets, including future capital, operating or other expenditures and projected costs;
- estimated utilization rates and throughputs;
- Tidewater's commercial plans at the PGR and potential connectivity to the Pipestone Gas Plant;
- the effectiveness of Tidewater's health, safety, environment and integrity programs;
- the Corporation's ability to raise capital;
- anticipated disclosure of specific Environmental, Social and Governance metrics;
- the Corporation's treatment under regulatory regimes and tax laws;
- the nature of contractual arrangements with third parties in respect of Tidewater's business; and
- expected levels of operating costs, general administrative costs, costs of services and other costs and expenses.

Although the forward-looking statements contained in this AIF 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 AIF, the Corporation has made assumptions regarding, but not limited to:

- general economic and industry trends;
- future natural gas, crude oil and NGL prices;
- Tidewater's ability to obtain and retain qualified staff and equipment in a timely and cost-effective manner;
- the impact of increasing competition;
- operating costs;
- processing and marketing margins;
- future capital expenditures to be made by Tidewater;
- the ability to obtain additional debt and/or equity financing on satisfactory terms;
- availability of capital to fund future capital requirements relating to existing assets and projects;
- the ability of Tidewater to successfully market its products;
- Tidewater's future debt levels and the ability of Tidewater to repay its debt when due;
- foreign currency, exchange and interest rates;
- projected capital investment levels and the successful and timely implementation of capital projects;
- anticipated timelines and budgets being met in respect of Tidewater's projects and operations;
- that any third-party projects relating to Tidewater's growth projects will be sanctioned and completed as expected;
- that any required commercial agreements can be negotiated and completed;
- the ability of Tidewater to successfully implement strategic initiatives and that such initiatives will yield the expected benefits;
- the ability of Tidewater to generate sufficient cash flow from operations to meet its current and future obligations;
- distributable cash flow and net cash provided by operating activities consistent with expectations;
- future operating results and the success of Tidewater's operations;
- that there are no unforeseen material costs relating to the facilities which are not recoverable from customers;
- oil and gas industry expectation and development activity levels and the geographic region of such activity;

- the ability of Tidewater to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its evaluations and activities; and
- the timely receipt of required regulatory approvals.

The Corporation's actual results could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth herein, including but not limited to:

- general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates and stock market volatility;
- activities of producers, competitors, customers and others and overall industry activity levels;
- operational matters, including potential hazards inherent in Tidewater's operations and the effectiveness of health, safety, environmental and integrity programs;
- fluctuations in commodity prices, inventory levels and supply/demand trends;
- timely receipt of third party, regulatory, environmental and governmental approvals and consents;
- cost overrun on capital projects;
- losses of key customers;
- actions by governmental authorities, including changes in government regulation, tariffs and taxation;
- changes in operating and capital costs, including fluctuations in input costs;
- changes in environmental and other laws and regulations or the interpretations of such laws or regulations;
- epidemics, pandemics, public health emergencies, quarantines and any communicable disease outbreaks (including COVID-19);
- First Nations and landowner consultation requirements;
- activities of other facility owners, including access to third party facilities;
- the ability to secure land and water, including obtaining and maintaining land access rights;
- competition for, among other things, business, capital, acquisition opportunities, requests for proposals, materials, equipment, labour and skilled personnel;
- legal risks and environmental risks and hazards, including risks inherent in the transportation of NGLs and refining of light crude oils which may create liabilities to Tidewater in excess of Tidewater's insurance coverage, if any;
- fluctuations in the supply and demand for NGLs and iso-octane;
- failure of third parties' reviews, reports and projections to be accurate, including those relating to asset acquisitions;
- risks arising from co-ownership of facilities;
- risks associated with others constructing and contract operating Tidewater's facilities;
- construction and engineering variables associated with capital projects, including the availability of contractors, materials, engineering and construction services, accuracy of estimates and schedules, and the performance of contractors;
- the availability of capital on acceptable terms;
- changes in the credit-worthiness of counterparties;
- viability of counterparties and take-or-pay arrangements;
- adverse claims made in respect of Tidewater's properties or assets;
- risks and liabilities associated with the transportation of dangerous goods;
- effects of weather conditions;
- reputational risks;
- reliance on key personnel;
- technology and security risks, including cybersecurity;
- potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which Tidewater is reliant;
- technical and processing problems, including the availability of equipment and access to properties;
- changes in gas composition;
- failure to realize the anticipated benefits of recently completed acquisitions;
- the ability of Tidewater to successfully implement strategic initiatives and whether such initiatives yield the expected benefits; and

- other factors, many of which are beyond the control of the Corporation, some of which are discussed under "*Risk Factors*" in this AIF.

Further, because there is interconnectivity between many of the risks Tidewater faces, it is possible that different constellations of risk could materialize which could result in unanticipated outcomes or consequences.

Forward-looking statements and other information contained herein concerning the NGL midstream infrastructure, refining of light crude oils and logistics industry in Canada and the Corporation's general expectations concerning this industry are based on estimates prepared by management of the Corporation using data from publicly available industry sources as well as from resource reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any material misstatements regarding any industry data presented herein, the NGL midstream infrastructure and logistics industry involves numerous risks and uncertainties and is subject to change based on various factors.

Management of the Corporation has included the above summary of assumptions and risks related to forward-looking statements provided in this AIF in order to provide holders ("**Shareholders**") of common shares in the capital of the Corporation ("**Common Shares**") 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 so, what benefits the Corporation will derive therefrom.

Readers are therefore cautioned that the foregoing list of important factors is not exhaustive and they should not unduly rely on the forward-looking statements included in this AIF. These forward-looking statements are made as of the date of this AIF and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. All forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking statements and management's assumptions and analysis thereof, is available in filings made by the Corporation with Canadian provincial securities commissions available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

Non-GAAP Measures

Certain supplementary measures in this AIF do not have any standardized meaning as prescribed under International Financial Reporting Standards ("**IFRS**"), which are also generally accepted accounting principles ("**GAAP**") for publicly accountable entities in Canada, and, therefore, are considered non-GAAP measures. Since non-GAAP measures are unlikely to be comparable to similar measures presented by other companies, securities regulations require that non-GAAP measures be clearly defined, qualified and reconciled to their nearest GAAP measure. Except as otherwise indicated, these non-GAAP measures are calculated and disclosed by the Corporation on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods.

The intent of non-GAAP measures is to provide additional useful information with respect to Tidewater's operational and financial performance to investors and analysts though the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate these non-GAAP measures differently.

In particular, in this AIF, the terms "distributable cash flow" and "Adjusted EBITDA" are used to describe certain financial information of Tidewater. Readers should be cautioned that distributable cash flow and Adjusted EBITDA are not defined by GAAP and are included in this AIF to describe certain financial information of Tidewater and should not be construed as alternatives to revenue, earnings, gross profit, or other measures of financial results determined in accordance with GAAP as indicators of Tidewater's performance.

"**distributable cash flow**" is a non-GAAP financial measure and is calculated as net cash used in operating activities before changes in non-cash working capital plus transaction costs, purchase of linefill, 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. Deducted from distributable cash flow are maintenance capital expenditures, including turnarounds as they are ongoing recurring expenditures. Transaction costs are added back as they vary significantly quarter to quarter based on the Corporation's acquisition and disposition activity. It also excludes non-recurring transactions that do not reflect Tidewater's ongoing operations. Distributable cash flow also excludes cash outflows related to the purchase of linefill on pipelines and tank bottoms for storage tanks, whereby Tidewater transports oil on third party pipelines for which it is required to supply linefill or tank bottoms for storage. As these pipeline/storage tanks are owned by third parties, the linefill is not considered to be a component of the Corporation's property and equipment. The linefill is classified as a non-current inventory asset and an operating cash outflow, however linefill is not a principal revenue producing activity and therefore is considered an investment to gain access as a shipper on the pipeline.

Management of the Corporation believes distributable cash flow is a useful metric for investors when assessing the amount of cash flow generated from normal operations and to evaluate the adequacy of internally generated cash flow to fund dividends.

"**Adjusted EBITDA**" is a non-GAAP financial measure calculated as income or loss before finance costs, taxes and depreciation, share-based compensation, unrealized gains/losses on derivative contracts, non-cash items, transaction costs and other items considered non-recurring in nature.

For more information with respect to financial measures which have not been defined by GAAP, including reconciliations to the closest comparable GAAP measure, see the "*Non–GAAP Measures*" section of the Corporation's management discussion and analysis accompanying its most recent audited annual financial statements, which are available on SEDAR.

CORPORATE STRUCTURE

The Corporation was incorporated under the *Business Corporations Act* (Alberta) ("**ABCA**") on February 4, 2015.

On April 1, 2016, the Corporation completed an internal reorganization whereby the Corporation and 1947517 Alberta Ltd., a wholly-owned subsidiary of the Corporation, assumed all of the assets and liabilities of Tidewater Processing Limited Partnership and, subsequently, Tidewater Processing Limited Partnership was dissolved and the Corporation vertically amalgamated with 1947517 Alberta Ltd.

Tidewater currently has two material subsidiaries as follows:

- Tidewater Propane Inc. – incorporated under the ABCA on October 22, 2015 and owns and operates the Corporation's retail propane business; and

- Tidewater Logistics Ltd. – incorporated under the ABCA on March 30, 2017 and owns and operates the Corporation's NGL trucking business.

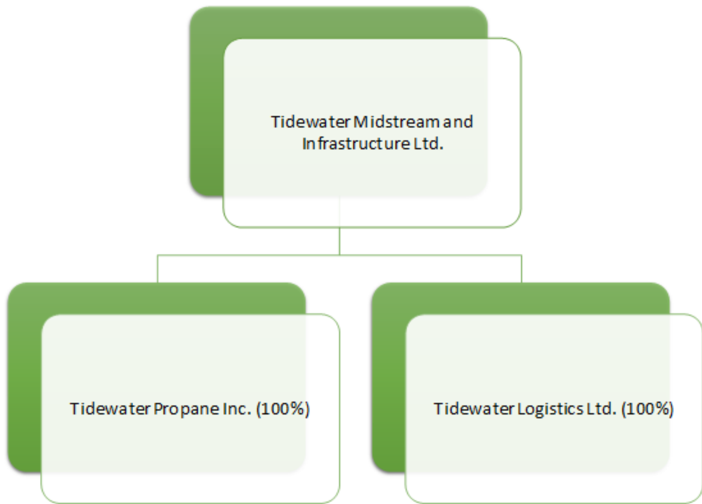
Tidewater also has the following material joint arrangements:

- Pioneer Pipeline Limited Partnership (the "**Pioneer Pipeline LP**") – a limited partnership formed pursuant to the provisions of the *Partnership Act* (Alberta) on September 27, 2018. The Pioneer Pipeline LP is equally owned by Tidewater and a wholly-owned subsidiary of TransAlta Corporation. The Pioneer Pipeline LP's sole asset is the Pioneer Pipeline. Pioneer Pipeline LP is considered a jointly controlled operation under IFRS and is proportionately consolidated; and

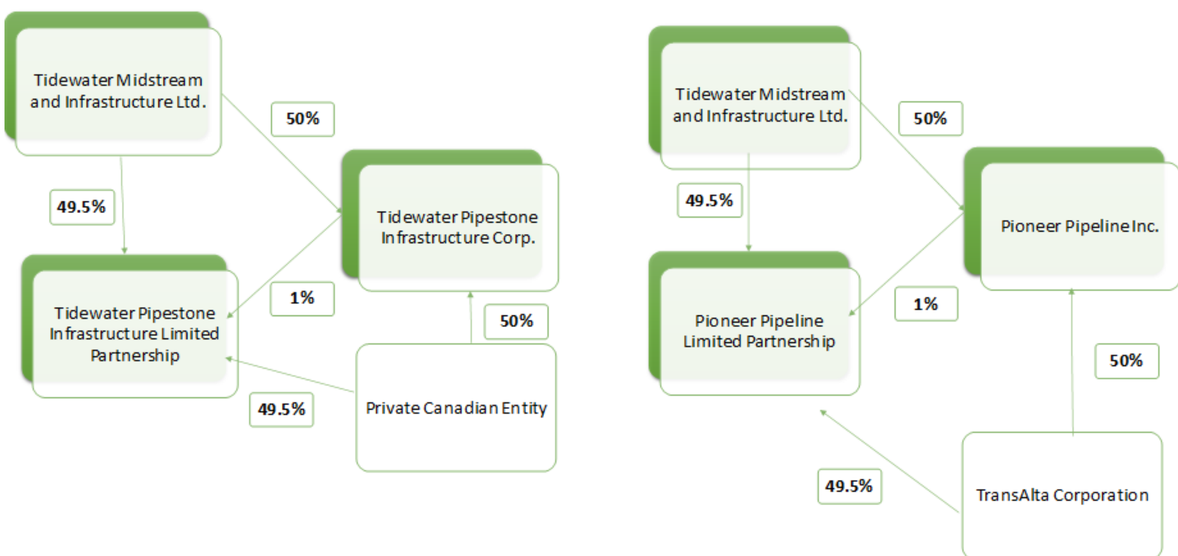
- Tidewater Pipestone Infrastructure LP ("**Tidewater Pipestone LP**") – a limited partnership formed pursuant to the provisions of the *Partnership Act* (Alberta). Tidewater shares in 85% of the net profit in Tidewater Pipestone LP, which owns and operates a natural gas storage facility in the Pipestone area of Alberta. Tidewater Pipestone LP is considered a joint venture under IFRS and is accounted for by the equity method.

The following chart sets forth the Corporation's relationship with its material subsidiaries and joint arrangement entities and the percentage of votes attaching to all voting securities of the subsidiary or join arrangement owned by the Corporation. The jurisdiction of incorporation or organization for each entity is Alberta. The chart does not include all of the subsidiaries of Tidewater. The assets and revenues of excluded subsidiaries and joint arrangements did not, individually exceed 10%, and in the aggregate exceed 20% of the total consolidated assets or total consolidated revenues of Tidewater as at December 31, 2019.

Subsidiaries



Joint Arrangements



The Corporation's head office is located at Suite 900, 222 - 3rd Avenue S.W., Calgary, Alberta, T2P 0B4 and its registered office is located at Suite 1000, 250 - 2nd Street S.W., Calgary, Alberta, T2P 0C1.

The Corporation 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 "TWM".

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

The Corporation completed its initial public offering on the TSX Venture Exchange on April 15, 2015. In November, 2017, the Common Shares became listed and posted for trading on the TSX. The Corporation is a diversified midstream company with an expanding value chain which is engaged in the acquisition and development of oil and gas infrastructure, including refining and distribution of light crude oils and refined products, natural gas processing and extraction plants, pipelines, NGLs and crude oil by rail, export terminals and storage facilities (collectively, the "**light crude oil refining, natural gas, NGL and crude oil midstream infrastructure business**"). See "*Business of Tidewater*" for a more detailed description of the business and the business objective of the Corporation.

Three Year History

The general development of Tidewater's business over the last three completed financial years that includes events, such as acquisitions or dispositions, or conditions that have had an influence on that development, is described below.

Period from January 1, 2017 to December 31, 2017

In January, 2017, the Corporation closed a bought deal equity financing. The Corporation issued 44,231,300 Common Shares at a price of $1.56 per Common Share for gross proceeds of $69,000,828, which included the exercise in full of the over-allotment option granted to the underwriters.

In March, 2017, the Corporation acquired from Predator Oil BC Ltd. ("**Predator**"), being a related party at such time, a non-operated 40% working interest in a 30 MMcf/d sour, shallow-cut gas processing facility (the "**Parkland Gas Plant**") in the Parkland area of northeast British Columbia ("**NEBC**"), approximately 1,000 acres of greenfield surface land in the Fort St. John area of NEBC and the 80 km interprovincial gas Sales Pipeline in the Cordova area of NEBC for a total cash consideration of $10,000,000 (the "**NEBC Acquisition**"). As part of the consideration, Tidewater transferred to Predator approximately 2,500 net acres of undeveloped lands previously acquired in October 2015. Predator was a related party at such time by virtue of Tidewater's Chairman, President and Chief Executive Officer, Joel MacLeod, and a director of the Corporation, Stephen Holyoake, both being shareholders and directors of Predator. CIBC World Markets Inc. ("**CIBC**") provided an opinion to the independent special committee of the board of directors of the Corporation (the "**Board**") to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications contained therein, the consideration to be paid by Tidewater pursuant to the NEBC Acquisition is fair, from a financial point of view, to Tidewater. In June, 2018, Predator ceased being a related party of the Corporation due to the acquisition of Predator by an arms-length party.

The Parkland Gas Plant and acquired lands comprised a new core area for Tidewater, within the heart of the Montney play in NEBC, near numerous pipeline egress options for NGL and natural gas connectivity in addition to rail access, providing infrastructure to become a major energy hub in NEBC and with the potential to connect Tidewater's Montney infrastructure/egress hub in the Pipestone area. The Sales Pipeline is connected to the 140 MMcf/d Wildboy gas processing facility in the Cordova area of NEBC and connects to Westcoast Energy Inc. in NEBC and Nova Gas Transmission Ltd. in Alberta.

In March, 2017, the Corporation also announced that it entered an agreement with Mach Energy Services Inc. ("**Mach**"), a related party, to acquire six tractors, seven NGL trailers and three condensate trailers (the "**NGL Trucking Acquisition**") for a total cash consideration of $3,500,000. The NGL Trucking Acquisition enhances the value of the fractionation facility at the BRC gas plant and NGL truck-out gas processing facilities by providing further control of its operations, and is consistent with Tidewater's strategy to enhance its logistics network and market access infrastructure throughout the natural gas and NGL value chain. Mach was a related party by virtue of being owned or controlled by Tidewater's Chief Financial Officer, Joel Vorra; President, Downstream, Jarvis Williams; and various other Tidewater employees, officers and related parties including Chairman and Chief Executive Officer, Joel Macleod and a director of Tidewater, Steve Holyoake. CIBC provided an opinion to the independent special committee of the Board to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications contained therein, the consideration to be paid by Tidewater pursuant to the NGL Trucking Acquisition is fair, from a financial point of view, to Tidewater.

In March, 2017, Tidewater also increased availability under its amended credit facility, comprised of a syndicated credit facility (the "**Syndicated Facility**") and operating credit facility (the "**Operating Facility**") (together, the "**Credit Facility**") from $120 million to $180 million and subsequently in November, 2017 increased availability under its Credit Facility from $180 million to $250 million.

In May, 2017, Tidewater acquired a 100% working interest in a 70 MMcf/d deep cut extraction facility, a 90% operated working interest in 250 km of gas gathering pipelines and a 70% operated working interest in 300 km of NGL pipelines, for cash consideration of $6 million. The acquired assets are directly connected to Tidewater's existing Edmonton infrastructure with the deep-cut extraction plant located approximately 130 km northwest of Edmonton with connectivity to both the TransCanada pipeline system and the Alliance pipeline system.

In May, 2017, Tidewater successfully commissioned its 10,000 bbl/d C2+ fractionation facility, and began producing HD2 spec propane. Tidewater also commissioned 40 MMcf/d of additional deep cut processing capacity at the BRC and expanded overall processing capability in December of 2017 by 50 MMcf/d.

In August, 2017, Tidewater entered into two acquisition agreements, one being in relation to an acquisition in the Deep Basin and Montney region (the "**Ram River Acquisition**") and the second being in relation to an acquisition in the Wapiti region. With the infrastructure and assets acquired under these acquisitions, Tidewater's key pieces of infrastructure at the time included an 85% working interest in a rail-connected 600 MMcf/d gas plant (the "**Ram River Gas Plant**"), a 25% operated working interest in certain 400 MMcf/d and 200 MMcf/d dehydration and compression facilities at Stolberg and Brazeau and an operated working interest in greater than 600 km of pipelines running from Narraway and Wapiti and interconnecting to Ansell, Brazeau, Stolberg and Ferrier, providing connectivity between Tidewater's core Montney and Deep Basin areas. The acquisition in the Wapiti region closed in October, 2017 and the Ram River Acquisition closed in December, 2017.

In September, 2017, Tidewater amended the provisions of a take-or-pay processing agreement with a well-capitalized producer at the BRC to: (i) extend the term thereof by an additional two years to December, 2020: and (ii) increase the volume commitment thereunder by approximately 10 MMcf/d to 30 MMcf/d, with a provision to deliver volumes up to 45 MMcf/d throughout the term.

During the fourth quarter of 2017, Tidewater sanctioned a 100 MMcf/d sour, deep-cut Montney gas plant (the **"Pipestone Gas Plant"**) with acid gas injection and 20,000 bbls/d of NGL processing capability, as well as an extensive gathering pipeline network in the Pipestone area near Grande Prairie, Alberta. Tidewater subsequently connected the Pipestone Gas Plant to its Pipestone infrastructure/egress hub, which injects natural gas into the natural gas storage reservoir (the "**Pipestone Plant Complex**"). On October 18, 2018, Tidewater received approval from the Alberta Energy Regulator ("**AER**") to construct and operate the Pipestone Gas Plant.

On November 20, 2017, the Common Shares commenced trading on the TSX and continued to trade under the symbol "TWM". The Common Shares were delisted from the TSX Venture Exchange.

In December, 2017, the Corporation announced that it had entered into a letter of intent for the Corporation to construct the Pioneer Pipeline. The Pioneer Pipeline is supported by a 15-year take-or-pay agreement with TransAlta Corporation. The Pioneer Pipeline provides initial capacity of 130 MMcf/d and has expansion capability to 440 MMcf/d. Pursuant to the letter of intent, TransAlta Corporation received an option to acquire a 50% interest in the Pioneer Pipeline. TransAlta Corporation exercised its option in December, 2018.

On December 19, 2017, Tidewater announced that it closed a private placement of $125 million of 6.75% senior unsecured notes due December 19, 2022 (the "**Notes**"). The Notes are guaranteed, jointly and severally, by Tidewater's subsidiaries on a senior unsecured basis and rank equal in right of payment with all of the existing and future senior unsecured indebtedness of Tidewater and that of the guarantors, as the case may be. See "*Other Information Relating to Tidewater's Business – Borrowing – Senior Unsecured Notes*". In connection therewith, Tidewater amended the Credit Facility to allow for the private placement of the Notes. See "*Other Information Relating to Tidewater's Business – Borrowing – Credit Facility*".

Period from January 1, 2018 to December 31, 2018

During the first quarter of 2018, Tidewater entered into a five-year, 17.2 net Bcf volume commitment with an investment grade counterparty to process incremental net raw gas volumes of approximately 15 MMcf/d which decline over a five-year time frame at the Ram River Gas Plant. In August 2018, Tidewater signed an agreement for an incremental 18 MMcf/d on a five-year take-or-pay with volumes declining approximately 30% per year at the Ram River Gas Plant.

On August 23, 2018, the Corporation amended its existing Credit Facility (the "**Senior Credit Facility**") with its banking syndicate (the "**Syndicate**"). Pursuant to the Senior Credit Facility, total availability under the Corporation's credit facility increased from $250 million to $325 million. The Senior Credit Facility also contains an accordion feature which permitted the Corporation to increase the size of the Credit Facility to an aggregate of $350 million from $325 million. The Senior Credit Facility also contained adjustments to the Corporation's existing pricing grid, reducing overall borrowing costs as compared to the same leverage multiples in the previous credit agreement. Under the financial covenants and the amended interest rate pricing grid that existed at the time, the Corporation could also include up to 10% of projected annual Adjusted EBITDA attributable to material projects then under construction in its calculation of total Adjusted EBITDA based on certain criteria. The Senior Credit Facility also extended the maturity date from March 24, 2020 to August 23, 2021, which may be further extended for a period of up to one year with the consent of the Syndicate. See "*Other Information Relating to Tidewater's Business – Borrowing – Credit Facility*".

During the third quarter of 2018, the Corporation entered into crude oil storage and transportation agreements with various counterparties. Tidewater now provides crude oil terminalling services at three existing Tidewater owned, operated and pipeline-connected facilities in the Valhalla, Brazeau River and Acheson areas of Alberta. In addition, Tidewater now transports crude oil by rail to various markets in North America from its rail facility located at Acheson, Alberta utilizing Tidewater's rail car fleet.

On October 18, 2018, Tidewater received approval from the AER to construct and operate the Pipestone Gas Plant. Tidewater executed take-or-pay contracts with five counterparties resulting in the Pipestone Gas Plant being fully contracted.

On October 30, 2018, Tidewater received approval from the AER to construct and operate the Pioneer Pipeline and subsequent approval for an 11 km lateral connecting to Sundance. The Pioneer Pipeline has initial capacity of 130 MMcf/day, supported by a 15-year take-or-pay commitment from TransAlta Corporation, which may be expanded to approximately 440 MMcf/day.

On December 14, 2018, TransAlta Corporation (through its subsidiary, TransAlta Generation Partnership) exercised its option to acquire a 50% ownership interest in the Pioneer Pipeline. The Corporation and TransAlta Corporation each own 50% of the Pioneer Pipeline through a limited partnership, Pioneer Pipeline LP. The Pioneer Pipeline LP carries on the business of owning, developing, constructing and operating the Pioneer Pipeline.

Period from January 1, 2019 to December 31, 2019

On March 25, 2019, Tidewater entered into an asset purchase and sale agreement whereby the Corporation divested its Pipestone Gas Plant's 32 megawatt cogeneration units to Kineticor Resource Corp. ("**Kineticor**"), a privately held power developer focused on thermal generation in Canada. Under the terms of the sale, the Corporation received a cash payment of $85 million and Kineticor assumed ownership of the cogeneration units. In conjunction with the divestiture, the Corporation entered into a long-term energy services agreement whereby Kineticor agreed to supply power to Tidewater's Pipestone Gas Plant in exchange for fixed energy fee payments. The Corporation also entered into an operating agreement, whereby Tidewater manages the day-to-day operations of the cogeneration units.

During the first quarter of 2019, Tidewater expanded its gas storage operations at the Pipestone Plant Complex and completed a 24 km, 30-inch natural gas pipeline connecting the facility to both the TransCanada pipeline system and the Alliance pipeline system. The pipeline allows for significant future optionality and egress at the Pipestone gas storage facility and the Pipestone Gas Plant.

During the first quarter of 2019, the Corporation increased its availability under its Senior Credit Facility from $325 million to $350 million by accessing its accordion feature and amending certain financial covenants.

The Corporation completed the construction of the Pioneer Pipeline connecting the BRC to TransAlta Corporation's generating units at Keephills and Sundance, approximately four months ahead of schedule. Pioneer Pipeline commenced start up phase flow of 50MMcf/d of natural gas and achieved approximately 130 MMcf/d of natural gas in Q4, 2019.

On July 23, 2019, Tidewater entered into an agreement to acquire a 100% working interest in a strategic 30 MMcf/d raw gas compression, 5,400 bbls/d condensate handling and associated water disposal battery ("**Pipestone East Battery**") for total consideration of up to $30 million in cash from Pipestone Energy and announced plans to invest $25 million in additional liquids handling infrastructure at its Pipestone Gas Plant and enter into an extended take of pay agreement with Pipestone Energy.

In connection with the Pipestone East Battery acquisition and liquids handling expansion, the Corporation entered into a $75 million bought-deal convertible debenture financing (the "**Convertible Debenture Financing**") of five-year convertible unsecured subordinated debentures (the "**Debentures**") with a syndicate of underwriters (the "**Underwriters**") co-led by CIBC and National Bank Financial Inc. The Debentures have a coupon of 5.5 percent per annum and a conversion price of $1.86 per Common Share. The Convertible Debenture Financing closed on August 8, 2019.

On September 23, 2019 the Corporation completed commissioning and start up of the Pipestone Gas Plant. The Pipestone Gas Plant is designed to process approximately 100 MMcf/d of natural gas. Tidewater began processing raw natural gas and natural gas liquids in mid September, 2019. Throughput continues to increase, with December 2019 averaging over 50 MMcf/d and the first 45 days of 2020 averaging approximately 65 MMcf/d of throughput..

On October 4, 2019, the Corporation entered into a purchase and sale agreement to acquire the Husky Energy Inc. ("**Husky**") owned PGR. The PGR predominantly produces low sulfur diesel and gasoline, in addition to other products, to supply the greater Prince George, B.C. region. PGR has significant onsite storage capacity of greater than 1.0 MMbbl and flexible logistics, with pipeline, rail and truck connectivity in place.

The acquisition of the PGR closed on November 1, 2019 for cash consideration of $215 million and approximately $56 million in inventory adjustments related to crude inventory. Transaction costs and taxes were approximately $14 million. In connection with the closing of the PGR acquisition, Tidewater closed an increase to its existing Senior Credit Facility from $350 million to $600 million as well as a $100 million second lien term loan maturing October 31, 2022.

The purchase of the PGR is subject to contingency payments. In the event the PGR's earnings before interest, taxes and depreciation, subject to certain pricing and cost adjustments ("**PGR Adjusted EBITDA**"), exceeds $100 million in 2020 or 2021, Tidewater will pay Husky 50% of the incremental PGR Adjusted EBITDA above the $100 million threshold, up to a maximum of $30 million per year.

Period Subsequent to December 31, 2019

On March 12, 2020 Tidewater and TransAlta Corporation entered into a letter of intent to sell the majority of the assets of Pioneer Pipeline LP to Nova Gas Transmission Ltd. for gross proceeds of $255 million. Tidewater and TransAlta Corporation have also entered into a separate letter of intent whereby TransAlta Corporation will pay to Tidewater $10.5 million for certain assets that are not part of the proposed transaction with Nova Gas Transmission Ltd. ("**NGTL**") Accordingly, such transactions are anticipated to result in approximately $138 million in aggregate cash consideration to Tidewater.

On March 12, 2020, Tidewater announced that it intends to expand its board of directors with the addition of Mr. Michael J. Salamon and Mr. Neil McCarron of Birch Hill Equity Partners Management Inc. ("**Birch Hill**"). Pursuant to the terms of an agreement between Tidewater and Birch Hill dated March 11, 2020 (the "**Board Nomination Agreement**"), Mr. Salamon and Mr. McCarron, acting as representatives of Birch Hill, and one additional new independent nominee to be mutually agreed on by Tidewater and Birch Hill, will be included as proposed directors in Tidewater's management slate of directors to be put forth for appointment at the Corporation's next annual general meeting of shareholders expected to be held on or around May 28, 2020. Birch Hill has been a strong supporter of Tidewater since early 2018 and currently holds approximately 22% of Tidewater's issued and outstanding Common Shares. Birch Hill is a leading Canadian mid-market private equity firm with over $3 billion in capital under management, with a further $1.75 billion of committed capital in its latest Fund VI, and with a 25-year history of driving growth and delivering returns to investors. Pursuant to the Board Nomination Agreement, Tidewater has also agreed to nominate the independent nominee and, provided that Birch Hill holds not less than 10% of the Corporation's issued and outstanding Common Shares, each of the Birch Hill nominees, for re-election as directors at the annual meeting of Shareholders to be held in 2021. In addition, except as otherwise permitted under the agreement, Birch Hill will not present any Shareholder proposal or requisition a Shareholder meeting, among other actions, until the earlier of January 31, 2021 or the Corporation's material breach of the Board Nomination Agreement. The Board Nomination Agreement includes other terms customary for an arrangement of this nature. This summary of the Board Nomination Agreement is qualified in its entirety by the complete text of full agreement, a copy of which is available under the Corporation's profile on SEDAR at www.sedar.com.

The Corporation intends to make an application to implement a normal course issuer bid ("**NCIB**") through the facilities of the TSX or alternative trading systems, if eligible, for a portion of its Common Shares. The Corporation's NCIB will be made in accordance with the requirements of the TSX and remains subject to TSX approval. Further details regarding the NCIB will be provided following TSX approval.

BUSINESS OF TIDEWATER

As noted above, the Corporation is engaged in the light crude oil refining, natural gas, NGL and crude oil midstream infrastructure business. Tidewater's business objective is to build a diversified midstream and infrastructure company in the marketing, terminalling and transportation of North American natural gas, NGLs and crude oil. Tidewater plans to achieve its business objective by providing customers with a full service, vertically-integrated value chain.

Business Strategy

Tidewater's vision is to be a people focused, growth oriented, high return midstream, downstream and infrastructure organization, offering customers and shareholders maximum value by leveraging our strengths of creativity, speed-to-market, integrity and execution. As part of this strategy, Tidewater:

- focuses on operational safety;
- selectively pursues acquisitions;
- builds on the interconnectivity of its infrastructure and its integrated business model;
- strives to provide reliable midstream services at a competitive price;
- pursues opportunities to increase throughput at its existing facilities; and
- invests in expansion and optimization opportunities to meet its customer needs and complement its service offerings.

Since its initial public offering in April 2015, Tidewater has been focused on selective acquisitions, organic growth projects and optimization of operations at its facilities. While pursuing this program, Tidewater maintains a quarterly dividend.

Significant Acquisitions

Effective as of November 1, 2019, Tidewater acquired the PGR, a light oil refinery located at Prince George, British Columbia, from Husky thereby expanding Tidewater's liquids value chain.

Further information regarding the purchase can be found in the press release of Tidewater dated October 4, 2019 and the purchase and sale agreement between Husky and Tidewater dated October 4, 2019.

The PGR is a 12.0 Mbbl/d light oil refinery that predominantly produces low sulfur diesel and gasoline, in addition to other products, to supply the greater Prince George region. The PGR has significant onsite storage capacity of greater than 1.0 MMbbl and flexible logistics, with pipeline, rail and truck connectivity in place. The Prince George region is generally in short supply of refined products. The PGR's location within the Prince George region makes it a critical piece of infrastructure with significant logistical advantage to address the demand for these products.

Tidewater has entered into a 5-year offtake agreement with Husky for 90% of the nameplate capacity on diesel and gasoline volumes produced at PGR. The offtake agreement reflects certain take-or-pay characteristics relating to committed volumes that Husky has agreed to purchase and contains pricing review mechanisms.

Tidewater filed a Form 51-102F4 in accordance National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators ("**NI 51-102**") in respect of this acquisition.

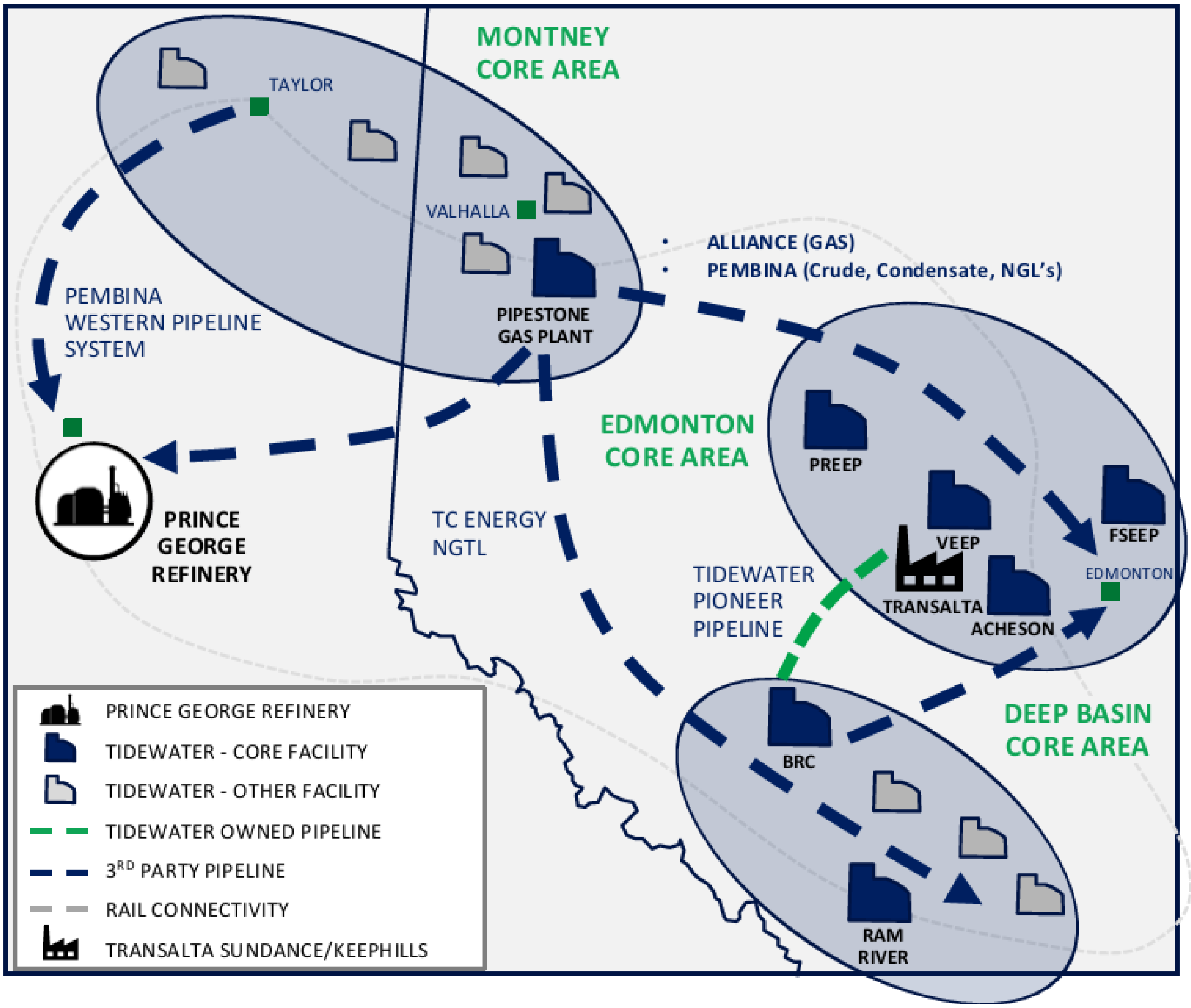
Potential Acquisitions, Issuance of Securities and Financings

Tidewater continues to evaluate potential acquisitions of natural gas, NGL and crude oil midstream infrastructure related assets, downstream assets and/or companies and other strategic acquisitions as part of its ongoing acquisition program. Tidewater regularly evaluates potential acquisitions, which individually or together could be material. Tidewater 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's operations and capital expenditures and repayment of indebtedness. In selecting which capital projects and acquisitions to pursue, Tidewater pays close attention to both the macro trends that affect its business, as well as the particular needs of customers and potential customers.

Tidewater's Operations

Tidewater is a diversified midstream company with an expanding value chain supported by long term contracts and is primarily focused on natural gas, NGL and crude oil midstream infrastructure and light oil refining within the liquids-rich Western Canadian Sedimentary Basin ("**WCSB**"), including the Montney, Edmonton and Deep Basin core areas as well as Prince George, B.C. Through its network of vertically integrated assets described under "*General Development of the Business – Three Year History*", Tidewater is able to offer Canadian producers increased value for: (i) light crude oil by utilizing the PGR and crude oil value chain; and (ii) NGLs by utilizing its truck, railcar, and retail propane assets to bring producer volumes to end markets. Tidewater is actively pursuing end-market development opportunities for Canadian crude oil, Natural Gas and NGLs in an effort to access better pricing for producers' products. The Corporation has assets strategically located near Prince George, B.C., around Edmonton and throughout the Deep Basin, which include significant light oil refining, gas processing, NGL handling and extraction and pipeline infrastructure. These strategic assets provide Tidewater with the opportunity to develop its own crude oil, natural gas and NGL network, which offers significant takeaway/egress options to producers.

The following map shows Tidewater's principal operations in Canada.



Tidewater utilizes its network of integrated light crude oil refining, natural gas and NGL midstream infrastructure to provide essential services to its customers. At December 31, 2019, the Corporation operated as one operating segment, midstream and infrastructure, as its executive officers reviewed overall operating results in order to assess financial performance and to make resource allocation decisions, rather than to assess a lower level unit of operations in isolation. Revenue streams associated with the midstream and infrastructure operating segment include:

- *Refined Products* – Tidewater purchases light crude oil and refines and produces refined products including low sulfur diesel and gasoline. The Corporation closed the PGR acquisition on November 1, 2019. The Corporation's revenue from this stream, since November 1, 2019, was $70.9 million for the year ended December 31, 2019.

- *Gathering, Processing and Transportation* – Tidewater provides fee-based processing, storage and terminalling services and tariff-based pipeline services for natural gas and NGLs. The Corporation's revenue from this stream was $117.5 million for the year ended December 31, 2018 and $141.7 million for the year ended December 31, 2019.

- *NGL/Crude Oil Marketing and Extraction* – Tidewater purchases, extracts, sells, stores and blends NGLs. Tidewater also purchases, transports, stores and sells crude oil throughout North America. The Corporation's revenue from this stream was $179.1 million for the year ended December 31, 2018 and $456.8 million for the year ended December 31, 2019.

- *Other* – Tidewater's other revenue stream includes propane distribution to customers throughout western Canada, as well as minor upstream oil and gas production in western Canada. The Corporation's revenue from this stream was $27.7 million for the year ended December 31, 2018 and $22.8 million for the year ended December 31, 2019.

Refined Products

Overview

Tidewater has a 100% ownership interest in the PGR. The PGR is a 12.0 Mbbl/d light oil refinery that predominantly produces low sulfur diesel and gasoline, in addition to other products, to supply the greater Prince George region. PGR has onsite storage capacity in excess of 1.0 MMbbls and flexible logistics, with pipeline, rail and truck connectivity in place.

Tidewater entered into a 5-year offtake agreement with Husky for 90% of the nameplate capacity on diesel and gasoline volumes produced at the PGR. The offtake agreement reflects certain take-or-pay characteristics relating to committed volumes that Husky has agreed to purchase and contains pricing review mechanisms.

Regional demand surrounding the PGR is robust and generally short supply of refined product, having historically been driven by local energy intensive industries including forestry, mining and oil and gas. Tidewater expects demand to continue to be strong as various large-scale infrastructure projects are developed in the greater regional area. Current crude oil/condensate feedstock for the PGR can be supplied by existing light oil and condensate production from B.C. and Alberta, which Tidewater can readily access with its existing and planned midstream footprint, including the recently commissioned Pipestone Gas Plant. Crude oil feedstock is currently delivered by pipeline from Taylor, B.C. PGR has optionality to receive feedstock supply by pipeline, rail and truck. PGR product yields of approximately 45% diesel and approximately 40% gasoline are primarily sold through Husky retail gas stations and via exchange agreements with other Husky retail partners, in addition, approximately 15% of additional yields are liquefied petroleum gas and heavy fuel oil.

Customers and Contracts

Pipestone Gas Plant is capable of producing 15.0 Mbbl/d of 45˚ API condensate and, correspondingly, 45˚ API condensate is the optimal and current feedstock for the PGR. PGR's top two customers are two of Tidewater's customers at the Pipestone Gas Plant. There is a significant overlap between producers supplying the PGR and the counterparties that are committed as customers of the Pipestone Gas Plant. PGR will provide value-add liquids services to existing Tidewater customers and help capture premium pricing optionality for the approximate 15.0 Mbbl/d of liquids processing at the Pipestone Gas Plant, which are optimally suited to be used as PGR feedstock. Tidewater plans to utilize its crude by rail infrastructure to transport incremental inputs to PGR should economic/arbitrage opportunities present themselves. Future optionality exists around transforming the PGR and the related 1.0 MMbbl of storage into a long-term tolling and infrastructure asset supported by long-term contracts and customers. Options could include long-term storage contracts as well as longer-term agreements with producers for fixed tolls where producers realize the benefit of having exposure to diesel and gasoline prices.

Competition

Tidewater's competition in the crude oil marketing business are limited in the greater PGR regional area, but include other midstream companies, major integrated oil and gas companies and their marketing affiliates, investment banks that have established trading platforms and brokers and marketers of varying sizes, financial resources and experience.

Gathering, Processing and Transportation

Overview

Tidewater has ownership interests in a number of active gas plants and gathering systems, NGL extraction and fractionation facilities and a refinery in western Canada (primarily the Alberta Deep Basin, West Pembina, Edmonton, Pipestone and Prince George regions), of which it operates the majority of these assets (See also "*Risk Factors – Operational Risks – Risks Arising from Co-ownership*"). In addition, Tidewater owns over 6,000 km (gross) of pipelines.

Tidewater's gathering, processing and transportation operations generate revenue from fee-based (take-or-pay or fee-for-service basis) processing, storage and terminalling services and tariff-based pipeline services for natural gas and NGLs.

Tidewater provides fee-based processing, storage and terminalling services and tariff-based pipeline services for natural gas and NGLs.

The BRC, a 225 MMcf/d deep-cut gas processing facility located in the West Pembina region in central Alberta, was the Corporation's first core asset and includes approximately 10,000 bbls/d of liquid fractionation capability. The Corporation owns a 100% working interest in the BRC and also owns 225 km of gas gathering pipelines connected to the BRC and a 100% working interests in three proven natural gas storage reservoirs.

The Ram River Gas Plant, in which Tidewater has an 95% operated working interest, is a rail-connected 600 MMcf/d processing facility located in the Strachan region in west central Alberta. Tidewater also has an operated working interest in more than 600 km of pipelines that connect to the Ram River Gas Plant, which run from Narraway and Wapiti and interconnect Ansell, Brazeau, Stolberg and Ferrier, that provide connectivity between Tidewater's core Montney and Deep Basin areas.

The Pipestone Gas Plant is a 100 MMcf/d sour, deep-cut Montney gas plant with acid gas injection and 20,000 bbls/d of NGL processing capability, as well as an extensive gathering pipeline network, in the Pipestone area near Grande Prairie, Alberta. The facility is fully contracted and is connect to Tidewater's Pipestone infrastructure/egress hub. The Pipestone Gas Plant was commissioned in September, 2019.

The Pioneer Pipeline is a 120 km pipeline, with an 11km lateral, used to transport sweet natural gas from the BRC to TransAlta Corporation's Keephills and Sundance facilities. The Pioneer Pipeline has an initial capacity of 130 MMcf/d, supported by a 15-year take-or-pay commitment from TransAlta, which may be expanded to approximately 440 MMcf/day. The Pioneer Pipeline allows TransAlta Corporation to increase the amount of natural gas it co-fires at its Sundance and Keephills coal-fired units, resulting in lower carbon emissions and costs. The Corporation and TransAlta (through its subsidiary, TransAlta Generation Partnership) each own 50% of the Pioneer Pipeline through a limited partnership, Pioneer Pipeline LP. Pioneer Pipeline LP carries on the business of owning, developing, constructing and operating the Pioneer Pipeline.

Customers and Contracts

Tidewater provides fee-based processing, storage and terminal services and tariff-based pipeline services to independent and integrated oil and gas producers. End users for Tidewater's products range from large natural gas utilities, producers and refiners, to retail customers with product reaching the end markets via major export pipelines and rail infrastructure to which Tidewater is connected. Tidewater's contracts are typically structured as fixed fee take-or-pay arrangements, fee-for-service arrangements, and/or reserve or area dedication agreements.

Competition

Each of Tidewater's gas plants is subject to competition from other gas processing plants which are either in the same general vicinity or have gathering systems that are or could potentially extend into geographic regions served by Tidewater's facilities. As well, Tidewater's pipelines, storage, terminal and NGL processing facilities are subject to competition from other existing pipelines and facilities, which competition is anticipated to continue to grow as other companies announce plans for expanded transportation, terminalling and storage services as well as other interconnected geographic areas in western Canada and the United States of America ("**U.S.**").

NGL Marketing and Extraction

Overview

Tidewater provides valuable marketing services to its customers and also focuses on increasing volumes through its gas plants and pipelines. The marketing segment also takes advantage of specific location, quality or time-based opportunities when they are available. Tidewater purchases, extracts, sells, stores and blends NGLs and has three operating ethane extraction plants in the Edmonton area as well as NGL fractionation at the BRC.

Customers

In the NGL marketing business, Tidewater's customer base is diversified and includes integrated oil and gas companies, producers, refineries and retail customers.

Competition

Tidewater's competitors in the NGL marketing business include other midstream companies, major integrated oil and gas companies, their marketing affiliates and independent gatherers, investment banks that have established trading platforms and brokers and marketers of widely varying sizes, financial resources and experience.

Crude Oil Marketing and Transportation

Overview

Tidewater provides valuable marketing services to crude oil customers including producers, refiners, third party crude oil markets and downstream consumers. The marketing segment also takes advantage of specific location, quality or time-based opportunities when they are available. Tidewater purchases, transports, stores and sells crude oil throughout North America. The Corporation operates facilities connected to Western Canadian pipeline egress for crude oil and condensate as well as a proprietary rail terminal in Acheson, Alberta. The Acheson rail terminal is connected to transport crude oil by rail both into and out of the province.

The crude oil marketing business is impacted by market price conditions, such as price changes resulting from global and regional supply and demand, as well as government intervention. With its asset base, Tidewater capitalizes on market opportunities between geographical regions. Marketing margins can vary from period to period with fluctuating commodity prices and differentials.

Customers

In the crude oil marketing business, Tidewater's customer base is diversified and includes integrated oil and gas companies, producers, refineries and downstream end user customers.

Competition

Tidewater's competitors in the crude marketing business include other midstream companies, major integrated oil and gas companies and their marketing affiliates, investment banks that have established trading platforms, and brokers and marketers of widely varying sizes, financial resources and experience. Transportation options for producers and shippers generally include trucking and rail but can also include pipeline options owned by Tidewater's competitors.

Other

Tidewater's other revenue stream includes its propane distribution business, natural gas storage business, as well as minor upstream oil and gas production.

Tidewater distributes propane to retail and wholesale customers throughout western Canada. In the propane marketplace, Tidewater faces competition from large, midsized and small players throughout western Canada. Price competition also exists in areas with large oil and gas accounts where significant volumes can be achieved. Propane also competes with other energy sources, including natural gas, electricity, wood, fuel oil and diesel, many of which are more cost effective on an equivalent energy basis. Propane has advantages over these other fuels in remote locations, in particular, where natural gas or electricity is not economically viable.

Tidewater operates natural gas storage facilities located at the BRC and in the Pipestone area near Grande Prairie, Alberta. At these facilities, Tidewater has proven natural gas injectivity of approximately 150 MMcf/d, proven withdrawal capacity of approximately 60 MMcf/d and total storage capacity of over 200 Bcf. Tidewater offers firm storage capacity to its customers and the storage also supports Tidewater's processing facilities by offering producers an additional egress option during times of pipeline restrictions. Tidewater faces competition from other large storage operators of various sizes and storage tolls can be subject to forward seasonal natural gas prices.

Tidewater's upstream oil and gas production is primarily in northwestern Alberta. Tidewater production is sold through third party marketing companies at current market prices or where possible marketed and sold directly by Tidewater. The upstream oil and gas industry is highly competitive as Tidewater competes for skilled industry personnel, as well as opportunities to maintain and grow production, with numerous larger and smaller companies. Competition may also be presented by alternate fuel sources.

Employees and Labour Relations

As at December 31, 2019, Tidewater employed approximately 439 permanent employees and 59 contractors and consultants in its operations. Approximately 48 employees employed by Tidewater at the BRC are represented by Unifor Local 431. In the fourth quarter of 2019, the Corporation and Unifor Local 431 negotiated a new collective agreement for employees at the BRC. This new collective agreement was ratified on January 8, 2020 and expires on January 31, 2023. Additionally, approximately 63 employees employed by Tidewater at the PGR are represented by Unifor Local 1997. In April, 2019, Tidewater's predecessor at the PGR, Husky, negotiated a new collective agreement with Unifor Local 1997 that expires on January 31, 2023.

Both Unifor Local 431 and Unifor Local 1997 are separate bargaining units.

To date, Tidewater has never experienced a labour-related work stoppage at any of its facilities (See "*Risk Factors – Operational Risks – Labour Relations*").

Economic Dependence

The Corporation 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, other than the 5-year offtake agreement with Husky for 90% of the nameplate capacity on diesel and gasoline volumes produced at PGR. In addition, the Corporation 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 Corporation's business.

Specialized Skill and Knowledge

Tidewater relies on specialized skills and knowledge to design and operate its natural gas and NGL gathering, processing and transportation facilities. Tidewater 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 gathering, processing and transportation operations.

OTHER INFORMATION RELATING TO TIDEWATER'S BUSINESS

Borrowing

Senior Credit Facility

Total availability under the Corporation's Senior Credit Facility is $600 million with the potential to increase this limit to $650 million subject to certain conditions. The Senior Credit Facility matures on August 23, 2022.

Advances on the Senior Credit Facility may be made by way of prime rate loans, bankers' acceptances, or standby letters of credit/guarantees. The Senior Credit Facility bears interest at a bank's prime rate or bankers' acceptance rate, depending on the type of advance, plus an applicable margin of 125bps to 250bps on prime rate loans, 225bps to 350bps of stamping fees related to banker's acceptances, and 45bps to 70bps for standby fees as determined by reference to the Corporation's consolidated debt to Adjusted EBITDA ratio (as defined in the Senior Credit Facility agreement).

Under the Senior Credit Facility, the Corporation is required to maintain certain financial covenants, including:

- a consolidated debt to consolidated adjusted EBITDA ratio of less than or equal to 5.00:1 for the fiscal quarter ending December 31, 2019; and 4.50 for the fiscal quarters ending March 31, 2020 and thereafter;
- a consolidated first lien senior debt to consolidated adjusted EBITDA ratio of less than or equal to 3.50:1; and
- a consolidated EBITDA to interest coverage ratio greater than or equal to 2.50:1.

Adjusted EBITDA is defined under the Senior Credit Facility as net income (loss) plus finance costs and other, deferred income tax expense, depreciation, unrealized loss (gain) on derivative contracts, share-based compensation, foreign exchange (gains) losses, gains/losses on asset disposal, transaction costs and non-recurring transactions. Consolidated debt is defined as first and second lien debt and notes payable and consolidated senior first lien debt is defined as senior debt (excluding second lien debt). Interest coverage ratio is calculated as Adjusted EBITDA divided by interest expense prior to capitalized interest.

At December 31, 2019, Tidewater was in compliance with its financial covenants. For more information on the calculation of the financial covenants see Tidewater's management discussion and analysis accompanying its most recent audited annual financial statements which are available on SEDAR. If Tidewater is unable to comply with the covenants under its Senior Credit Facility, its ability to declare and pay dividends will be affected (see "*Risk Factors – Financial Risks – Debt Matters*"). Management expects that, upon maturity of the Senior Credit Facility, adequate replacements will be established.

Second Lien Term Loan

In connection with closing of the PGR acquisition, Tidewater entered into a credit agreement that established a $100 million second lien term loan ("**Second Lien Term Loan**"), subordinated to the Senior Credit Facility, which provided for only a single draw on the facility at the closing of the acquisition. The Second Lien Term Loan matures on October 31, 2022 and can be repaid prior to maturity with net proceeds from an issuance of equity or equity like securities or high yield instruments. The amount borrowed under this facility bears interest at a bankers' acceptance rate + 450 bps stamping fee. Interest on the Second Lien Term Loan will increase at a rate of 50 bps per quarter to a maximum of the bankers' acceptance rate + 750 bps stamping fee. The Second Lien Term Loan is subject to the same financial covenants as the Senior Credit Facility.

Senior Unsecured Notes

On December 19, 2017, Tidewater closed a private placement of $125 million of Notes, being 6.75% senior unsecured notes due December 19, 2022. The Notes are guaranteed, jointly and severally, by Tidewater's subsidiaries on a senior unsecured basis and rank equal in right of payment with all of the existing and future senior unsecured indebtedness of Tidewater and that of the guarantors, as the case may be. Tidewater may redeem all or a part of the Notes at fixed redemption prices, plus, in each case, any accrued and unpaid interest.

Debentures

On August 8, 2019, Tidewater closed the $75 million bought-deal Convertible Debenture Financing of five-year convertible unsecured subordinated Debentures with a syndicate of underwriters. The Debentures have a coupon of 5.5 percent per annum and are convertible at $1.86 per Common Share.

Integrity Management

Tidewater is committed to maintaining the integrity of its pipeline and facility assets. This commitment is integral to Tidewater's business strategy of operating safely and reliably and preserving the longevity of its assets. Tidewater's integrity management systems apply to pipelines and facility pressure equipment and are developed having regard for the applicable regulations, codes and standards which govern the design and operation of these assets.

Through its employees and the integrity management systems, Tidewater continuously strives to minimize the likelihood of incidents and operational downtime, while safeguarding employees, the environment and the communities in which it operates.

Tidewater's integrity management systems apply through the complete asset lifecycle from design through retirement. Each program is founded on a process involving identification of hazards that may impact long term integrity of the asset and assessment of risk, establishing plans and activities to mitigate that risk, application of the mitigation under the plan, monitoring the performance of the program and managing change.

Pipeline Integrity

Tidewater owns over 6,200 km (3,400 km net operating) of pipelines. Tidewater's Pipeline Integrity Management System is designed to evaluate, maintain and assure pipeline health through the entire pipeline life cycle across the entirety of the pipeline network, and does so by maintaining high standards of work in all aspects of pipeline integrity.

Key elements of the Pipeline Integrity Management System include the design, construction, installation, commissioning, operation, maintenance and decommissioning of Tidewater's pipeline systems in accordance with applicable regulations and best business practices. These business practices include but are not limited to: conducting a risk assessment to identify inspection and risk mitigation activities; and measurement of compliance to and performance of the integrity management plan.

Some of the activities undertaken to manage integrity of its pipelines include carrying out in-line and other inspections, completing repairs to pipelines to maintain system integrity, application of chemicals to mitigate corrosion, right of way surveillance to minimize the risk of third party damage, and depth of cover surveys including watercourses.

Facility Integrity

Tidewater maintains a Pressure Equipment Integrity Management System for assets associated with its facilities to meet or exceed regulatory requirements. Its integrity programs apply a life cycle approach, the goal of which is to try to ensure that pressure equipment is designed, constructed, installed, commissioned, operated, maintained, decommissioned and managed in a manner that reduces any potential loss of containment, provides worker safety and protects the environment.

Turnarounds at Tidewater's PGR and other processing facilities are planned and executed with the objective of maintaining integrity of pressure equipment, pressure safety valves, piping and tanks, and at the same time complying with federal and jurisdictional requirements, industry best practices and the requirements of its own integrity management systems. Key pressure equipment inspection and maintenance are conducted during turnarounds. These inspections are scheduled for regular intervals on an ongoing basis as per the Tidewater's Pressure Equipment Integrity Management System.

Health, Safety and Environmental Programs

Tidewater is committed to conducting its operations in a manner that protects the health and safety of the public, its workforce and the environment. It has a highly skilled workforce and provides ongoing training to maintain the skills and understanding necessary for a safe and healthy work environment. Tidewater's health, safety and environmental policies set an expectation that everyone must share in the responsibility to work safely and responsibly, while meeting or exceeding all applicable laws and regulations.

Tidewater conducts annual emergency response training exercises to practice and determine the effectiveness of its emergency response plans. Tidewater conducts these training exercises in accordance with applicable regulations and administers them with local emergency responders, regulatory agencies, Tidewater employees and key contractors.

Tidewater uses the Incident Command System (ICS) which supports a unified approach to emergency response and is a system widely used by emergency response support agencies.

Tidewater regularly reviews its safety performance, conducts safety audits and shares experiences and best practices within the organization and, at times, with others in industry. Tidewater has adopted a suite of policies, procedures and safe operating practices, which it reviews, evaluates and updates based on changes in laws and regulations, technology developments, industry standards and the operational needs of its facilities. Tidewater also has formal incident reporting processes, which allow it to, among other things, identify and track incidents and near misses; identify, implement and follow up on appropriate corrective actions; and share learnings. Tidewater also carries out investigations to understand factors that might cause or contribute to incidents and seeks to learn from its experiences, as well as industry learnings, in order to prevent the occurrence or recurrence of an incident. Reports of activities and performance under Tidewater's health, safety and environmental management system are also provided regularly to each of the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee and the Board.

Environmental Stewardship and Community Programs

Tidewater recognizes and values the importance of responsible environmental stewardship and has made significant investments in infrastructure to improve efficiencies and enhance environmental performance. Tidewater's environmental programs focus on preventing environmental impacts and adopting appropriate remediation strategies when required. Tidewater is committed to conducting its business in a way that balances diverse stakeholder expectations, respects the environment and emphasizes the health and safety of its employees and communities. As part of this commitment, Tidewater strives to conduct its operations in accordance with internally developed environmental operating guidelines and provides its employees with training that includes health, safety and environmental matters. Tidewater also has systems in place for reporting, tracking and monitoring its environmental and regulatory key performance indicators (KPI's). Results are regularly reviewed to evaluate performance, share information with internal groups and identify areas for improvement.

As part of our environmental stewardship initiatives Tidewater joined the Foothills Stream Crossing Partnership (FSCP), a multi-industry partnership, focused on ensuring fish passage is not obstructed by road networks. Within its Alberta operations, Tidewater maintains an extensive road network and has committed to working with forestry companies, other energy operators, municipalities and the provincial government to ensure potential aquatic habitat fragmentation is minimized and stream connectivity is restored.

In collaboration with the FSCP, Tidewater maintains an inventory of annual inspection locations where its roads intersect fish-bearing waterbodies and have developed mitigation programs to mitigate barriers to fish passage.

Tidewater is committed to developing and maintaining meaningful, long term relationships with its neighbours, the communities in which it operates and other stakeholders that may be affected by its operations. Tidewater's community programs include community engagement, investment and sponsorship, use of local service providers, educational, workplace scholarship programs and open house community consultation programs. These programs are intended to keep Tidewater's neighbours informed about its operations, foster open communication, build relationships and to proactively identify and address community concerns.

First Nations Programs

Tidewater recognizes that it constructs and operates facilities in First Nations communities. Tidewater's approach towards stakeholder engagement is to work together with First Nations communities to proactively identify any potential impacts of its activities on the community in order to develop mutually acceptable solutions and benefits. Tidewater is guided by the following principles in its relationships with First Nations: respecting the diversity of First Nations cultures and seeking to understand the customs, values and traditions of First Nations peoples; being committed to honest, open, ongoing communication with First Nations communities affected by its operations and engaging in timely and meaningful consultation with these communities; and offering support for strategies intended to encourage development within First Nations communities, including training, employment, business development and community opportunities related to Tidewater's operational activities. Tidewater is proud that over 25% of the $200 million Pioneer Pipeline budget was awarded to First Nations affiliated partners.

Environmental Liability Reduction – Decommissioning, Abandonment, Remediation and Reclamation Costs

Tidewater incurs annual decommissioning, abandonment, remediation and reclamation costs as part of the companies lability management program with active and inactive assets. These costs can include items such as facility decommissioning, well abandonments, groundwater remediation and monitoring programs, soil remediation and surface reclamation projects , all of which help Tidewater assess and proactively manage its environmental liability (See "*Industry and Environmental Regulation*" and "*Risk Factors – Operational Risks – Environmental and Public Safety Considerations*").

End-of-life costs or asset retirement obligations (ARO) are accounted for through Tidewater's financial obligations and are reflected in its financial statements. Tidewater makes full provision for the future cost of its asset retirement obligations measured at the present value of Tidewater's best estimate of the cost to settle such obligations, using a risk-free rate as prescribed by Canadian accounting standards. For further information, refer to Tidewater's most recent audited annual financial statements which are available on SEDAR at www.sedar.com.

Long term asset retirement obligation costs are variable, as they are a function of regulatory requirements and other factors in force and effect at the time of decommissioning, abandonment, remediation and/or reclamation. In determining its asset retirement obligation cost estimates, Tidewater considers: (i) the cost of facility abandonment, including suspension and demolition costs, and (ii) environmental restoration, remediation and reclamation costs, in order to meet applicable reclamation certificate criteria. Tidewater engages reputable third-party environmental consultants and experienced employees to collect, review and assess the relevant data in preparation of the estimates. To support its liability estimates, Tidewater has performed end-of-life reviews for its large facility assets utilizing Tidewaters historical expenditures for liability reduction services and industry costs for similar projects.

Tidewater has completed site-specific liability assessments ("**SSLA**") in accordance with the AER Directive 001 – Requirements for Site-Specific Liability Assessments, AER Directive 011 – License Liability Rating ("**LLR**") Program, and AER Directive 024 – Large Facility Liability Management Program (collectively, the "**LFP**"). Tidewater is required to update SSLAs every five years and regularly evaluates and updates its other asset retirement obligations. The majority of Tidewaters liability is calculated from site specific assessments and not area based industry averages.

Tidewater undertakes a number of specific liability reduction activities to decrease the abandonment and reclamation obligations associated with certain facilities. For example, inactive EPEA facilities are managed under Tidewater's *Corporate Decommissioning and Land Reclamation Plan* with annual reporting submitted to the AER. To assist in identifying priorities and projects, Tidewater has developed a liability management system. Through this system, potential projects are identified and prioritized based on a risk ranking system which takes into account a number of variables such as nearby environmental receptors, neighbours and land use. Based on the results of this analysis, an annual plan is developed which identifies the proposed liability reduction projects.

Tidewater's Alberta operations are also subject to several programs designed to mitigate the cost to the public of abandoning and reclaiming facilities under the jurisdiction of the AER. Pursuant to a program commonly referred to as the "Orphan Well Fund", holders of AER licenses for facilities that are not covered under the LFP are required to pay an annual levy to assist in funding the clean-up of orphan facilities. At the Tidewater facilities that are required to pay the levy, it is treated as an operating cost. In addition, the AER requires all licensees to complete prescribed monthly asset-to-liability ratio testing for all licensed facilities (other than pipelines). Licensees that do not pass the asset-to-liability ratio test are required to provide the AER with a deposit. As of the date hereof, Tidewater has an asset-to-liability ratio greater than that required by the AER and has not been required to provide a security deposit.

Environmental, Social and Governance Highlights

Tidewater is committed to advancing a strong record of Environmental, Social and Governance ("**ESG**") performance. In February, 2020 Tidewater established an Environmental, Social and Governance ("**ESG**") committee comprised of Tidewater's Chief Executive Officer, Chief Financial Officer, Chief Legal Officer and Vice President, Health, Safety, Environment and Regulatory, among other Tidewater personnel (the "**ESG Committee**"), to guide Tidewater's efforts in measuring and reporting on the Corporation's ESG metrics. The ESG Committee operates under the valued direction of the Chair of Tidewater's Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee. Tidewater is committed to improving its ESG disclosure and intends to introduce ESG metrics on its website during 2020. Certain general highlights of Tidewater's recent ESG efforts are provided as follows.

Environmental

The impact to the environment is a key consideration in how Tidewater designs, constructs and implements its projects.

Tidewater built and operates the Pioneer Pipeline to distribute clean natural gas to TransAlta's legacy coal fed Sundance and Keephills generating stations, thereby reducing carbon emissions compared to the use of coal.

The PGR is one of the only assets in Western Canada that can utilize renewables such as canola oil, biodiesel and ethanol to help reduce the carbon footprint of its operations. Tidewater continues to assess other green initiatives for implementation at this facility.

Tidewater's Pipestone Sour Gas Plant was designed and constructed to process sour natural gas and natural gas liquids as efficiently as possible in an effort conserve a valuable resource. The design of this gas plant includes on-site power generation (low-NOx gas turbines), waste-heat recovery as well as acid gas injection for final disposal of waste gases, each of which has a more positive impact on the environment compared to more conventional processes.

Governance

Tidewater's management team and board of directors are committed to the highest ethical standards and governance processes. Tidewater strives for continuous improvement in this area. Tidewater's executive compensation plan is based on a lower salary component relative to its peers whereby the executive leadership team is heavily incentivized by financial performance and shareholder returns. Tidewater's Chief Executive Officer acquired a significant number of Common Shares in the open market during 2019. Tidewater's Board is comprised of 80% independent directors including one female director representing 20% of the Board.

Social and Safety

Tidewater adopts various preventative measures in its operations to minimize the likelihood of incidents and operations downtime while safeguarding employees, the environment and communities in which it operates. Certain highlights include:

- A health, safety and environment committee (HS&E) is in place to oversee Tidewater's execution of its HS&E program;
- Tidewater constructed its Pipestone Gas Complex utilizing over one and a half million hours of labour time with zero lost time injuries;
- The Pioneer Pipeline was constructed with over one million hours of labour time with a Total Recordable Injury Frequency (TRIF) of 0.20 which is well below industry standard; and
- Tidewater acquired the PGR which has a historical TRIF of less than 1.0 which outperforms industry average.

Tidewater remains an active supporter of the communities in which it operates. Examples of Tidewater's support in 2019 include organizing and conducting a community cleanup in the Grande Prairie area and financial sponsorship of local sports and arts programs as well as community colleges and local non-profit organizations.

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. The Code is available free of charge from Tidewater's office located at Suite 900, 222 - 3rd Avenue S.W., Calgary, Alberta, T2P 0B4.

In support of the Code, Tidewater has adopted business conduct policies covering various matters, including but not limited to ethics, disclosure, insider trading and conflicts of interest, and has adopted a number of specific procedures and guidelines to facilitate compliance with the Code and the various policies (collectively the "**Conduct Policies**"). Tidewater's Insider Trading and Reporting Policy is an example of such a policy. This policy prescribes blackout periods and outlines the circumstances in which Tidewater's directors, officers, employees and consultants will be restricted or prohibited from trading in securities of Tidewater. Another example is Tidewater's 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. The Conduct Policies are periodically reviewed and updated as necessary.

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

CAPITAL STRUCTURE OF TIDEWATER

The rights, privileges and restrictions on the Common Shares and the preferred shares in the capital of the Corporation ("**Preferred Shares**") are contained in the articles of Tidewater, which are available on SEDAR at www.sedar.com and on the Corporation's website at www.tidewatermidstream.com.

Authorized Shares

The Corporation 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, of which, as at the date hereof, 337,407,834 Common Shares are issued and outstanding as fully paid and non-assessable (337,376,101 Common Shares as at December 31, 2019). As of the date hereof there are no outstanding Preferred Shares.

Common Shares

The holders of Common Shares are 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, subject to the rights, privileges, restrictions and conditions attached to any Preferred Share, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares. In addition, the Corporation's Debentures are convertible into Common Shares at any time prior to the earlier of September 30, 2024, and the business day immediately preceding the date fixed for redemption by the Corporation, at a conversion price of $1.86 per Common Share, subject to adjustments in certain events.

Preferred Shares

The Preferred Shares may be issued in one or more series, and 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 Corporation.

DIVIDENDS

Tidewater's general practice is to pay quarterly cash dividends on the Common Shares from its distributable cash flow to Shareholders of record as of the dividend record date, which is generally 30 days prior to the dividend payment date.

Tidewater's dividend policy is intended to provide Shareholders with relatively stable and predictable quarterly dividends, while retaining a portion of cash flow to fund maintenance capital and ongoing growth projects. The amount of dividends to be paid on the Common Shares, if any, is subject to the discretion of the Board and may vary depending on a variety of factors. In addition to the standard legislated solvency and liquidity tests that must be met, Tidewater's ability to declare and pay dividends is also dependent on its compliance with the covenants under the Credit Facility and the Notes (See "*Other Information Relating to Tidewater's Business – Borrowing*").

In determining the level of dividends to be declared, the Board takes into consideration such factors as current and expected future levels of distributable cash flow (including income tax), capital expenditures, borrowings and debt repayments, changes in working capital requirements and other factors.

Over the long term, Tidewater expects to continue to pay dividends from its distributable cash flow; however, credit facilities may be used to stabilize dividends from time to time. Growth capital expenditures will be funded from retained cash flow from operating activities and proceeds from additional debt or equity, as required. Although

Tidewater intends to continue to make regular quarterly dividends to Shareholders, dividends are not guaranteed (See "*Risk Factors – Financial Risks – Cash Dividends Are Not Guaranteed*").

Dividend History

The table below provides information on dividends declared per Common Share for each of the three most recently completed financial years.

Dividend Record Date	Amount ($)
December 31, 2019	0.01
September 30, 2019	0.01
June 28, 2019	0.01
March 29, 2019	0.01
December 31, 2018	0.01
September 28, 2018	0.01
June 29, 2018	0.01
March 30, 2018	0.01
December 29, 2017	0.01
September 29, 2017	0.01
June 30, 2017	0.01
March 31, 2017	0.01

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSX under the symbol "TWM". 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
2019			
January	1.34	1.22	9,690,510
February	1.37	1.27	6,975,050
March	1.44	1.26	8,335,290
April	1.55	1.40	13,033,3301
May	1.55	1.34	7,405,470
June	1.45	1.28	7,426,440
July	1.42	1.26	5,988,130
August	1.30	0.99	17,754,970
September	1.16	1.01	8,556,480
October	1.13	0.94	18,986,100
November	1.10	0.94	9,782,760
December	1.24	1.035	8,346,000

Prior Sales

The following table summarizes the issuances of unlisted securities for the year ended December 31, 2019:

Description of Security	Date Issued	Number of Securities Issued	Issuance/Exercise Price Per Security ($)
Restricted Share Units	January 1, 2019	23,493(1)	N/A
Options	January 31, 2019	28,000(2)	1.24
Restricted Share Units	January 31, 2019	20,000(1)	N/A
Options	February 28, 2019	15,000(2)	1.34
Restricted Share Units	February 28, 2019	5,000(1)	N/A
Performance Share Units	February 28, 2019	$2,002(3)	N/A
Restricted Share Units	April 1, 2019	26,873(1)	N/A
Deferred Share Units	April 1, 2019	492(4)	N/A
Options	April 3, 2019	2,327,000(2)	1.41
Restricted Share Units	April 3, 2019	1,834,300(1)	N/A
Performance Share Units	April 3, 2019	$310,523(3)	N/A
Deferred Share Units	April 3, 2019	70,000(4)	N/A
Options	May 31, 2019	45,500(2)	1.42
Restricted Share Units	May 31, 2019	23,000(1)	N/A
Restricted Share Units	August 1, 2019	33,527(1)	N/A
Deferred Share Units	August 1, 2019	556(4)	N/A
Options	October 10, 2019	2,987,775(2)	0.98
Restricted Share Units	October 10, 2019	2,403,465(1)	N/A
Deferred Share Units	October 10, 2019	70,000(4)	N/A
Performance Share Units	October 16, 2019	$278,513(3)	N/A
Options	October 31, 2019	40,000(2)	0.94
Restricted Share Units	October 31, 2019	49,480(1)	N/A
Performance Share Units	October 31, 2019	$1,000(3)	N/A
Deferred Share Units	October 31, 2019	1,248(4)	N/A
Options	November 29, 2019	52,000(2)	1.08
Restricted Share Units	November 29, 2019	35,000(1)	N/A
Performance Share Units	November 29, 2019	$400(3)	N/A

Notes:

(1) Refers to a Restricted Share Unit of the Corporation granted pursuant to the Restricted Share Unit plan of the Corporation.
(2) "**Option**" means a stock option to acquire a Common Share granted pursuant to the stock option plan of the Corporation.
(3) Refers to a Performance Share Unit of the Corporation granted pursuant to the Performance Share Unit plan of the Corporation. The Performance Share Units are a cash value equivalent which are used to purchase Common Shares in the open market.
(4) Refers to a Deferred Share Unit of the Corporation granted pursuant to the Deferred Share Unit plan of the Corporation.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the knowledge of management of the Corporation as at December 31, 2019, there were no securities of the Corporation held in escrow or subject to contractual restrictions on transfer.

DIRECTORS AND EXECUTIVE OFFICERS

Directors of Tidewater

The names, municipalities of residence, principal occupations for the five most recently completed financial years and committee membership of each of the directors of Tidewater as of the date hereof are set out below:

Name, Residence, Principal Occupation, Period of Service as a Director and Other Issuers of which the Director is a Director	Position on Committees of the Board
Joel MacLeod Calgary, Alberta, Canada Mr. MacLeod has been a director and Chairman of the Corporation since February 4, 2015 and assumed the role of President and Chief Executive Officer of Tidewater on April 20, 2015. Mr. MacLeod is currently the Chairman and Chief Executive Officer of the Corporation. From August 2014 to March 2015, Mr. MacLeod was the Vice President, Rail of Secure Energy Services Ltd. Mr. MacLeod is a founder of Highwood Oil Company Ltd. (formerly Predator Oil Ltd.) Mr. MacLeod was also the founding Chief Executive Officer and majority shareholder of Predator Midstream Ltd. ("**Predator Midstream**") from January 2012 to the sale of the company in August 2014.	Mr. MacLeod is: • Chairman • Not a member of any committee of the Board
Stephen J. Holyoake Calgary, Alberta, Canada Mr. Holyoake has been a director of the Corporation since February 4, 2015. Currently, Mr. Holyoake is the President and Chief Executive Officer of Fireweed Energy Ltd. Mr. Holyoake was Vice-President, Drilling and Completions at Tangle Creek Energy Ltd. from 2012 to 2017 and was the Vice President of Operations at SkyWest Energy Corp. ("**SkyWest**") from 2010 to 2012. Prior to joining SkyWest, Mr. Holyoake was the Manager Drilling & Completions at Berens Energy Ltd. Mr. Holyoake is a director of Highwood Oil Company Ltd. (formerly Predator Oil Ltd.)	Mr. Holyoake is: • Not a member of any committee of the Board
Doug Fraser (Lead Director) Calgary, Alberta, Canada Mr. Fraser has been a director of the Corporation since April 20, 2015 and was appointed as Lead Director on November 13, 2017. Mr. Fraser was most recently the Chief Financial Officer at TAQA (from 2008 – 2011) based in Abu Dhabi where he oversaw oil and gas and infrastructure assets with a value of greater than $30 billion. Prior to TAQA, Mr. Fraser was the Chief Financial Officer of PrimeWest Energy Trust ("**PrimeWest**") (from 2007 – 2008) at the time of its acquisition by TAQA for approximately $5 billion in cash. In roles previous to PrimeWest, Mr. Fraser was the Chief Financial Officer of Husky Energy and held senior roles at Petro-Canada and Imperial Oil.	Mr. Fraser is: • Lead Director • Member of the Audit Committee (Chair) • Member of the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee
Margaret Raymond Calgary, Alberta, Canada Ms. Raymond has been a director of the Corporation since May 25, 2017. Currently and since January, 2010, Ms. Raymond is the President (and owner) of 1508239 Alberta Ltd., a firm providing environment, health and safety management consulting services. Prior thereto from January, 1983 until August, 2009, Ms. Raymond held various roles at Petro-Canada, including five years as Vice President responsible for global human resources and health, safety and environment.	Ms. Raymond is: • Member of the Audit Committee • Member of the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee (Chair)

Name, Residence, Principal Occupation, Period of Service as a Director and Other Issuers of which the Director is a Director	Position on Committees of the Board
Robert Colcleugh Calgary, Alberta, Canada Mr. Colcleugh has been a director of Tidewater since May 25, 2017. Mr. Colcleugh has been the Chairman of the Board of Beyond Energy Services & Technology Corp. ("**Beyond**"), a managed pressure drilling service company, since Aug 2017. Prior thereto, Mr. Colcleugh was the Chief Executive Officer of Beyond from January 2017 until August 2017. Mr. Colcleugh was the Chief Executive Officer and Director of Iron Bridge Resources Inc., a TSX listed oil and gas producer, from July 2017 until its sale in October 2018. From 2009 until January 2017, he was Managing Director of Investment Banking for Macquarie Capital Markets Canada Ltd. (a division of Macquarie Bank). Prior thereto, he was one of the founders of Tristone Capital Inc., a global energy investment banking boutique that was purchased by Macquarie in 2009.	Mr. Colcleugh is: • Member of the Audit Committee • Member of the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee

In accordance with the articles of Tidewater, 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 1/3 of the number of directors holding office at the expiration of the last annual meeting. Birch Hill also has certain board nomination rights pursuant to the Board Nomination Agreement (see "*General Development of the Business – Three Year History*").

Officers of Tidewater

The name, municipality of residence, position held and principal occupations for the five most recently completed financial years of each of the officers of Tidewater are set out below:

Name and Municipality of Residence	Position with Tidewater	Principal Occupation
Joel A. MacLeod Calgary, Alberta, Canada	Chairman and Chief Executive Officer	Mr. MacLeod has been a director and Chairman of Tidewater since February 4, 2015 and assumed the role of President and Chief Executive Officer of Tidewater on April 20, 2015. Mr. MacLeod is currently the Chairman and Chief Executive Officer of the Corporation. From August 2014 to March 2015, Mr. MacLeod was the Vice President, Rail of Secure Energy Services Ltd. Mr. MacLeod is a founder of Highwood Oil Company Ltd. (formerly Predator Oil Ltd.).
Tobias (Toby) J. McKenna Calgary, Alberta, Canada	President, Midstream	Mr. McKenna was a director of Tidewater from February 4, 2015 until March 23, 2016. He was President and Chief Executive Officer of Tidewater from February 4, 2015 until April 20, 2015, at which time he became the Vice President, Business Development & Commercial of Tidewater. Mr. McKenna is currently President, Midstream. From 2010 to 2014, he was Vice President, Natural Gas Trading for Castleton Commodities Canada and prior thereto was co-founder of its predecessor Louis Dreyfus Energy Canada in 2003.
Joel K. Vorra Calgary, Alberta, Canada	Chief Financial Officer	Mr. Vorra has been the Chief Financial Officer of Tidewater since February 4, 2015. From October 2013 until its sale in August 2014, Mr. Vorra was the Controller of Predator Midstream and worked closely with the company's founders and board of directors. Prior to joining Predator Midstream, Mr. Vorra earned his Chartered Accountant designation with Collins Barrow Calgary LLP and worked as a senior member of the firm's audit teams from 2008 to 2013. Mr. Vorra is a Chartered Professional Accountant.

Name and Municipality of Residence	Position with Tidewater	Principal Occupation
Jarvis A. Williams Calgary, Alberta, Canada	President, Downstream	Mr. Williams is currently the President, Downstream at Tidewater. Mr. Williams was the Vice President, Logistics and Midstream Operations of Tidewater February 4, 2015 until November, 2019. From October 2012 until its sale in August 2014, Mr. Williams was Vice President of Midstream Operations and Logistics of Predator Midstream. Prior to joining Predator Midstream, Mr. Williams worked for SkyWest until its sale to Marquee Energy as well as PrimeWest Energy Trust and TAQA North Ltd.
Jeff T. Ketch Calgary, Alberta, Canada	Executive Vice President, Field Operations	Mr. Ketch is currently the Executive Vice President, Field Operations at Tidewater. Mr. Ketch was the Vice President, Field Operations of Tidewater February 4, 2015 until November, 2019. Previously, Mr. Ketch held the positions of Vice President, Operations for both Predator Midstream and Highwood Oil Company Ltd. (formerly Predator Oil Ltd.) (2014). Mr. Ketch held management positions for all Canadian assets with Equal Energy Ltd. (2007-2012).
Reed McDonnell Calgary, Alberta, Canada	Chief Commercial Officer	Mr. McDonnell is the Chief Commercial Officer at Tidewater. Mr. McDonnell was the Vice President, Joint Venture & Acquisitions from March 29, 2016 until November, 2019. Previously, Mr. McDonnell was the Senior Midstream Operations & Business Analyst of Predator Midstream (February to August 2014). Prior thereto, Mr. McDonnell was in Institutional Equity Research at Cormark Securities Inc. (2011-2014) and Wellington West Capital Markets Inc. (2010-2011).
Brent Booth Calgary, Alberta, Canada	Executive Vice President, Marketing and Commercial Business Development	Mr. Booth is the Executive Vice President, Marketing and Commercial Business Development at Tidewater. Mr. Booth was the Vice President, NGL Marketing from March 29, 2016 until November, 2019. Previously, Mr. Booth spent eight years with Plains Midstream Canada, where he served in various capacities as a trader for the NGL Marketing, Ethane and Natural Gas and Risk Management groups.
David Barva Calgary, Alberta, Canada	Chief Legal Officer and Executive Vice President, Shared Services	Mr. Barva is the Chief Legal Officer and Executive Vice President, Shared Services at Tidewater. Mr. Barva was the Vice President, Legal, General Counsel and Corporate Secretary of Tidewater from September, 2017 until November, 2019. Previously, Mr. Barva was the Associate General Counsel of Trilogy Energy Corp., a company listed on the TSX, where he worked since August, 2006 in roles with progressively increasing responsibility.
Terrence Dumont Calgary, Alberta, Canada	Executive Vice President, Montney	Mr. Dumont is the Executive Vice President, Montney at Tidewater since November, 2019. Prior to his current role, Mr. Dumont was the Director of Operations at Tidewater from May, 2016 until November, 2019. From 2014 until 2016, Mr. Dumont was the Operations/HSE Manager at Taqa North Ltd.

Security Holding by Directors and Officers

As at the date hereof, the directors and executive officers, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 12,809,506 Common Shares, representing approximately 3.80% of the issued and outstanding Common Shares.

Cease Trade Orders

To the knowledge of management no director or executive officer as at the date hereof, is or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any corporation (including the Corporation), that (a) was subject to 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 (b) 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. For the purposes hereof, "order" means: (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant Corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Bankruptcies

To the knowledge of management no director, executive officer of the Corporation or a Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any corporation (including the Corporation) that, 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 (b) has, within the 10 years before the date hereof, 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.

Penalties or Sanctions

To the knowledge of management no director, executive officer or Shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation (i) has been subject to 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) has incurred 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

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject to in connection with the operations of the Corporation. In particular, certain directors and officers of the Corporation and its subsidiaries are associated with other reporting issuers or other corporations, including Highwood Oil Company Ltd., Fireweed Energy Ltd. and Battle River Energy Ltd., which may give rise to conflicts of interest with the Corporation.

In accordance with the applicable corporate and securities legislation, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable corporate law.

Insurance Coverage and Indemnification

The Corporation maintains liability insurance for its directors and officers with coverage and terms that are customary for a Corporation of its size and industry. In addition, the Corporation has entered into indemnification agreements with its directors and officers. The indemnification agreements generally require that the Corporation indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Corporation as directors and officers, so long as the indemnitees acted honestly and in good faith with a view to the best interests of the Corporation 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 Corporation.

AUDIT COMMITTEE INFORMATION

Audit Committee Members and Terms of Reference

The Audit Committee is appointed annually by the Board of Directors. The responsibilities and duties of the Audit Committee are set forth in the Audit Committee Charter is attached hereto as Schedule A. The Audit Committee consists of three members, each of whom is independent and financially literate as defined by National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("**NI 52-110**").

The following table sets out the relevant education and experience of the members of the Audit Committee:

Name	Relevant Education and Experience
Doug Fraser (Chair) • Independent • Financially Literate	Mr. Fraser has been a director of the Corporation since April 20, 2015 and was appointed Lead Director on November 13, 2017. Mr. Fraser was most recently the Chief Financial Officer at TAQA based in Abu Dhabi where he oversaw oil and gas and infrastructure assets with a value of greater than $30 billion. Prior to TAQA, Mr. Fraser was the Chief Financial Officer of PrimeWest Energy Trust at the time of its acquisition by TAQA for approximately $5 billion in cash. In roles previous to PrimeWest, Mr. Fraser was the Chief Financial Officer of Husky Energy and held senior roles at Petro-Canada and Imperial Oil. Mr. Fraser obtained his Chartered Accountant designation in 1983 and is a Chartered Professional Accountant. Mr. Fraser's executive level experience, designation as a Chartered Professional Accountant received in 1983 and over 31 years of experience in accounting and finance roles provide him with the skill set and financial literacy required to carry out his duties as a member of the Audit Committee.
Robert Colcleugh • Independent • Financially Literate	Mr. Colcleugh has been a director of the Corporation since May 25, 2017. Mr. Colcleugh has been the Chairman of the Board of Beyond, a managed pressure drilling service company, since Aug 2017. Prior thereto, Mr. Colcleugh was the Chief Executive Officer of Beyond from January 2017 until August 2017. Mr. Colcleugh was the Chief Executive Officer and Director of Iron Bridge Resources Inc., a TSX listed oil and gas producer, from July 2017 until its sale in October 2018. Prior thereto, he was Managing Director of Investment Banking for Macquarie Capital Markets Canada Ltd. (a division of Macquarie Bank) from 2009 until January 2017. Prior thereto, he was one of the founders of Tristone Capital Inc., a global energy investment banking boutique that was purchased by Macquarie in 2009. Mr. Colcleugh has provided financing, mergers, acquisitions and divestiture advisory services to a broad array of energy companies in the domestic Canadian, international, midstream and technology industries. Prior to his involvement in capital markets, he managed Duke Energy's Power business in Ontario and their capital business in Canada where he deployed the utility's balance sheet and created structured products around natural gas and power streams for customers. Mr. Colcleugh began his career in portfolio management with a focus on high yield debt and energy equities after graduating from the University of Western Ontario's Ivey Business School with an MBA in 1997. Mr. Colcleugh also holds a B.A. in Economics from the University of Western Ontario. Mr. Colcleugh's executive level experience as a chief executive officer of a public company, over 15 years of experience as a managing director in investment banking and MBA and economics degrees provide Mr. Colcleugh with the skill set and financial literacy required to carry out his duties as a member of the Audit Committee.

Name	Relevant Education and Experience
Margaret Raymond • Independent • Financially Literate	Ms. Raymond has been a director of the Corporation 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. Since 2009, Ms. Raymond has been the President of her own consulting firm and, in this capacity, acts as a consultant and advises 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 is on the board of directors of Centre for Affordable Water and Sanitation Technology ("**CAWST**"), a non-profit that brings clean water to the very poor in 63 countries around the world, the Alberta WaterPortal Society, and the Calgary Opera Association. 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's financial literacy is evidenced by, among other things being: • part of the executive leadership team of Petro-Canada from 2001-2009 where she participated on all monthly, quarterly and annual financial reviews and participated in the preparation of quarterly and annual press releases and conference call scripts; • a member of the finance committee of the Calgary Opera board of directors; • past chair of the Board of Directors of CAWST, including a non-voting member of the Audit and Risk Committee; and • a holder of an ICD.D designation which required completion of a monitoring financial strategy, risks and disclosure course. In addition, Ms. Raymond completed an executive management program at the University of Michigan, which program included courses in finance and accounting. This executive level business experience provides Ms. Raymond with the skill set and financial literacy required to carry out her duties as a member of the Audit Committee.

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 aggregate fees billed by the Corporation's external auditors in each of the two fiscal years noted below for audit and other fees are as follows:

Financial Year Ending	Audit Fees(1) ($)	Audit Related Fees(1) ($)	Tax Fees(1) ($)	All Other Fees(1) ($)
2019	465,000	70,000	-	57,500
2018	382,000	64,000	32,000	27,500

Note:

(1) **Audit Fees**" are the aggregate fees necessary to perform the annual audit and quarterly reviews of the Corporation's financial statements billed by the Corporation's external auditor. "**Audit-Related Fees**" are the aggregate fees billed by the Corporation's external auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as audit fees. During 2019 and 2018, the nature of the services provided included review of prospectuses and security filings and registration costs for the Canadian Public Accountability Board. "**Tax Fees**" are the aggregate fees billed by the Corporation'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 Corporation's external

auditor for products and services other than those described as "Audit Fees", "Audit Related Fees" and "Tax Fees". During 2019, the nature of the services comprising such fees was translation services.

INDUSTRY AND ENVIRONMENTAL REGULATION

General Regulatory Context

Tidewater is subject to a range of laws, regulations and requirements imposed by various levels of government and regulatory bodies in the jurisdictions in which it operates. While these legal controls and regulations affect numerous aspects of Tidewater's activities, including but not limited to, the operation of wells, pipelines and facilities, construction activities, emergency response, operational safety and environmental procedures, Tidewater does not believe that they impact its operations in a manner materially different from other comparable businesses operating in the same jurisdictions.

During the year ended December 31, 2019 and until the acquisition of the PGR in November 2019, substantially all of Tidewater's material operations and facilities were located in Alberta, therefore, this section focuses on the Alberta regulatory regime. However, Tidewater also has operations and carries on business in British Columbia (the PGR and Montney Core Area), which has its own regulatory and environmental regime. The Oil and Gas Commission (British Columbia) is responsible for overseeing oil and gas operations in B.C., including exploration, development, pipeline transportation, reclamation and discharges to the environment.

Greenhouse Gas and Emissions Regulation

Greenhouse gases, mainly carbon dioxide and methane, are components of the raw natural gas processed and handled at Tidewater's facilities. In addition, operations at Tidewater's facilities, require the combustion of fossil fuels in engines, turbines, heaters and boilers, as well as the use of electricity, all of which release carbon dioxide, methane and other minor greenhouse gases. As such, Tidewater is subject to various greenhouse gas reporting requirements and carbon dioxide equivalent ("**CO2e**") emission intensity reduction targets. Emissions intensity refers to the amount of greenhouse gas, measured on a CO2e basis, emitted on a unit of production basis. Two of the primary factors that affect emissions intensity at Tidewater's facilities are fuel gas consumption and throughput. Lower throughput and higher levels of fuel gas consumption result in higher emission intensities.

Regulatory Framework

In Alberta, the focus of climate change mitigation has been concentrated on the following legislated areas:

- Capping Oil Sands Emissions – transition to an output-based allocation approach and a legislated limit to oil sands emissions;
- Phasing Out Coal - coal-fired electricity generation is scheduled to be eliminated by 2030
- Reducing Methane Emissions - methane emissions reduction target in Alberta will 45% by 2025
- Renewable Fuels Standard - Alberta's Renewable Fuels Standard ("**RFS**") requires commercial fuel producers and importers to blend renewable products into their fuels
- Technology Innovation and Emissions Reduction System ("**TIER**") - Government has passed legislation to put the new TIER system in effect

Effective January 1, 2020 the following legislation has come into effect in Alberta replacing the previous approach to pricing pollution from industry:

- The *Technology Innovation and Emissions Reduction Implementation Act, 2019 (Bill 19)* - replacing the *Climate Change and Emissions Management Act*; and
- The *Technology Innovation and Emissions Reduction Regulation* Replacing the *Carbon Competitiveness Incentive Regulation* ("**CCIR**")

Under Pan-Canadian Framework on Clean Growth and Climate Change Framework, each province must implement a carbon reduction program by 2018 using a mechanism of its choice, failing which, the federal government minimum carbon pricing standards will be applied. With the implementation of the *Alberta Carbon Tax Repeal Act*, the *Climate Leadership Act* and Alberta carbon levy were repealed as of May 30, 2019. As of January 1, 2020 facilities that meet criteria for inclusion as well as those that have opted into TIER have been granted equivalency with the Environment and Climate Change Canada ("**ECCC**") and will not be subject to the Federal Fuel Charge under the *Greenhouse Gas Pollution Pricing Act* ("**GGPPA**").

Like previous regulatory framework for large final emitters, TIER applies to facilities that emit 100,000 tonnes or more of greenhouse gases in 2016 or in any subsequent year. Emissions reduction obligations are determined according to a facility-specific benchmark approach, and high-performance benchmark approach. In most cases, a regulated facility is subject to the less stringent of the two approaches for that facility. Under the facility-specific benchmark methodology, a facility is required to reduce emissions intensity by 10% relative to the facility's historical production-weighted average emissions intensity. High performance benchmarks are set to the average emissions intensity of the most emissions efficient facilities (performers in the top 10%) producing each benchmarked product over reference years. If there are fewer than ten facilities producing a product, the high-performance benchmark for a product is then set based on the emissions intensity of the best-performing facility.

Regulated emissions for non-aggregate facilities under TIER include direct onsite emissions of greenhouse gases Though not part of regulated emissions, indirect emissions are accounted for under the allowable emissions calculation.

- Direct emissions are greenhouse gases released from sources located at the facility, expressed in tonnes CO_2e

- Indirect emissions are emissions associated with electricity, industrial heat, and hydrogen that are imported by a facility. The allowable emissions for each regulated facility is adjusted for these imports. For example, the allowable emissions of a facility importing electricity will be adjusted to receive fewer allowable emissions

A facility with fewer than 100,000 tonnes of direct CO_2e emissions per year may be eligible to opt-in to the TIER system if it competes against a facility regulated under TIER, or has greater than 10,000 tonnes of annual of direct CO_2e emissions and is in an emissions-intensive, trade-exposed sector. Multiple small conventional oil and gas facilities with a common Person Responsible can also apply to be regulated as an aggregate facility under TIER.

The stringency of facility-specific benchmarks will increase by 1 per cent annually beginning in 2021; so, a facility with a 90 per cent free emissions allocation (or a 10% emissions intensity reduction requirement) in 2020 would receive 89% free allocation in 2021, 88% in 2022, and so on. The tightening rate will not apply to high performance benchmarks or benchmarks for conventional oil and gas aggregate facilities. The high performance benchmarks will act as the tightening rate end point for the facility-specific benchmark.

Facilities are subject to quantification and reporting standards. Facilities emitting more than 100,000 tonnes of CO_2e per year, opted-in facilities, and aggregate conventional oil and gas facilities are required to submit annual compliance reports prior to June 30 of the following year. Facilities emitting more than 1,000,000 tonnes of CO_2e per year are also required to submit an annual forecasting report. Annual compliance reports are required to be verified by a qualified third-party assurance provider.

The following options are available if a facility cannot meet annual compliance obligation:

- purchasing emissions offsets. Emissions offsets are classified as actions or projects which have resulted in reduced greenhouse gas emissions in Alberta;

- purchasing fund credits from the Climate Change and Emissions Management Fund (the "**CCEMF**") at a cost of $30/tonne for 2019; and/or

- purchasing emissions performance credits ("**EPCs**"). EPCs are earned by a LFE with an emissions intensity below the net emissions target and can be sold internally or into the marketplace.

Under TIER, emissions performance credits and emissions offsets combined may not be used to satisfy more than 60% of a facility's total compliance obligation for a single compliance year. TIER also includes a credit expiry timeline for emissions performance credits and offsets:

- Credits from 2014 or earlier expire after 2020
- Credits from 2015 or 2016 expire after 2021
- Credits from 2017 and onward have an eight-year expiry.

Throughout 2019, Tidewater was engaged in ongoing consultation with the Government of Alberta with respect to the development of the TIER program for the oil and gas industry. This involved group stakeholder outreach sessions as well as one-on-one discussions with the regulator.

With respect to the Specified Gas Reporting Regulation ("**SGRR**"), since the 2017 reporting period, facilities emitting 10,000 tonnes of CO2 equivalent or more are required to submit a specified gas report to the Alberta Climate Change Office. The previous reporting threshold was 50,000 tonnes.

The ECCC Methane Regulations and the revised AER Directives 60 and 17 were released in 2018. Given the nature of Tidewater's operations, it does not anticipate any significant impact associated with the methane reduction efforts throughout the implementation period.

In addition to these Alberta regulations, Tidewater also has emission reporting responsibilities under the *Canadian Environmental Protection Act* ("**CEPA**"). Since the 2017 reporting period, the reporting threshold for CO_2e emissions under CEPA has been reduced to 10,000 tonnes. As a result of these changes, Tidewater will now be publicly reporting on ten of its facilities. Summaries of these federal emissions reports are publicly available.

In 2016, the Government of Canada also released Multi-sector Air Pollutants Regulations with national performance standards for Nitrogen Oxide ("**NOx**") emissions. Within the regulations there are performance standards for two equipment types: gaseous-fuel-fired boilers and heaters, and stationary spark-ignition gaseous-fuel-fired engines. Reporting requirements came into effect in 2017. Flexible performance standards for engines have been utilized with an interim milestone of 2021 and final compliance deadline of 2026. Boilers and heaters will have performance standards starting in 2026. Tidewater carefully monitors NOx emissions at its plants and equipment in order to manage its operations to meet the upcoming compliance timelines.

Overall Implications of Emissions Regulation for Tidewater

As part of Tidewater's continued commitment to reduce greenhouse gas emissions from its operations, it has implemented many initiatives to support greenhouse gas reductions. These initiatives include, but are not limited to: new facility design and construction to support low NOx emissions and waste heat recovery; and, engagement with third party experts to audit our facilities to identify reduction opportunities.

Tidewater anticipates that TIER compliance costs for the LFE facilities (Brazeau River Complex, Ram River Sour Gas Plant and the newly commissioned Pipestone Sour Gas Plant) and the aggregate of smaller facilities will increase as a result of the changing greenhouse gas emissions regulatory requirements. However, based on currently available information, Tidewater does not expect the incremental direct cost of annual compliance to be material. Tidewater's analysis has taken into account:

- TIER has met ECCC equivalency requirements
- High performance benchmarks have not been developed at this time, but the Brazeau River Complex and Ram River Sour Gas Plant will not meet criteria
- In the event that the Pipestone Sour Gas Plant outperforms the high-performance benchmark, Tidewater will evaluate the option to opt-in to TIER earlier than required to generate EPCs

- the estimated TIER compliance obligations align with increases in carbon pricing based on the federal framework, and

- forecast throughput at Tidewater's LFEs and expected future emissions performance of Tidewater facilities

Despite these aforementioned cost increases, Tidewater has accumulated a number of serialized EPCs that can be utilized to minimize financial exposure from compliance obligations. Additionally, Tidewater is a member of the Energy Efficiency Alberta (EEA) Strategic Energy Management (SEM) Program for LFEs to facilitate low cost / no cost emission reduction measures in addition to savings coming from potential capital-intensive projects.

Looking longer term (2022 and beyond), compliance costs are expected to continue to increase based on the carbon pricing schedules. Tidewater will continue to evaluate these longer term developments in order to incorporate them into its planning and to evaluate potential financial and operational implications. Given the multitude of variables that could cause outcomes to change, it is not currently possible to predict the future incremental compliance costs with any certainty (See "*Risk Factors – Operational Risks – Environmental and Public Safety Considerations*").

Environmental Regulation (Non-Emissions)

The midstream industry is subject to both provincial and federal environmental legislation and regulations. This environmental regulatory regime provides for restrictions and prohibitions on releases or emissions of various substances produced in association with certain oil and natural gas industry operations. Environmental regulation affects the operation of facilities and limits the extent to which facility expansion is permitted. In addition, legislation requires that facilities, wellsites and pipelines are abandoned and reclaimed to the satisfaction of provincial authorities and landowners. If legislation is breached it may result in notices of non-compliance, the imposition of fines, the issuance of environmental clean-up orders or the shutting down of facilities and pipelines.

The AER is the main government agency that regulates midstream operations and facilities in the Province of Alberta. In addition, some activities and facilities are also regulated by Alberta Environment and Parks (AEP). The primary legislation that form Alberta's regulatory framework are the *Oil and Gas Conservation Act* (Alberta), the *Pipelines Act* (Alberta) and the *Environmental Protection and Enhancement Act* (Alberta) ("**EPEA**"), along with all related regulations. In order to construct and operate most midstream facilities, a license and potentially an operating approval from the AER is required. The license and approval requirements will depend on such factors as the nature of the facility or installation, the type of activity and the type of product. To hold a license the applicant must demonstrate, at the time of application, that the impact of the facility on the environment will be within acceptable limits.

The disposal of wastewater and gases into wells drilled into deep geologic formations is also regulated by the AER. A number of Tidewater's facilities hold approvals and permits for these disposal activities. Further, the use of water (surface or groundwater) is regulated under the *Water Act* (Alberta). Tidewater reports water volume use on a monthly or annual basis dependant on the Water Act license. Annual withdrawal allowance limits are also prescribed by these licenses.

Operating approvals are intended to address a facility's impact on the physical environment and limit emissions to air and water depending on the size of the facility and the nature of the product being handled. As part of an operation approval the licensee must abide by site specific soil, groundwater, industrial water and air emissions programs to ensure regulatory compliance is maintained. The AER conducts regular inspections of facilities to ensure operations meet applicable regulations.

Under EPEA, environmental standards and compliance obligations for releases, clean-up and reporting are subject to scrutiny by the AER and the public. Liability for clean-up, remediation and reclamation costs may be imposed on a wide range of parties including present and past owners, or those that had charge, management or control of a substance that has been spilled or released. Regulators may issue shut-down orders where facilities or pipelines are not in compliance with the environmental laws or operating approvals, and fines under EPEA may be as high as $1,000,000 for each day that an offence under EPEA continues. Tidewater has never been subject to enforcement actions or fines of this nature.

The AER has also issued multiple Directives and Guides with strict requirements and standards concerning matters such as oilfield waste management, waste handling and storage and the suspension, abandonment and reclamation of oil and natural gas wells, pipelines, and facilities that must be factored into the cost of conducting operations in Alberta.

When evaluating projects in areas that may have an impact on critical habitats, Tidewater undertakes appropriate evaluation, assessment, monitoring and testing prior to proceeding with development activities and may modify its plans or operating parameters to mitigate potential impacts.

Transportation of Dangerous Goods

Petroleum products, including NGLs and crude oil are subject to regulation under the transportation of dangerous goods ("**TDG**") legislation in Canada and the U.S. Tidewater has a fleet of rail cars that it uses to move these products across Canada and the U.S. Tidewater also owns and leases trucks, as well as has truck loading/off-loading racks at a number of its facilities and also contracts with other companies to provide trucking services for products requiring transport. Because Tidewater ships these products to various locations across North America, it is required to comply with TDG laws in each of these jurisdictions.

TDG laws require parties handling, offering for transport, transporting or importing certain dangerous goods to have an approved Emergency Response Assistance Plan ("**ERAP**") in place. ERAPs are required for (i) Class II products such as propane and butane; and (ii) for class III products such as crude oil and condensate when transported by rail. An ERAP is intended to ensure that specialized emergency response personnel and equipment are available in a timely manner, in order to assist and/or supplement primary emergency responders responding to an incident.

Tidewater monitors regulatory developments, and other recommendations that are introduced by regulatory agencies with respect to TDG matters, including safety data sheet requirements for the products it handles and rail car specifications. Tidewater also monitors the practices and tariffs of railway companies and has observed that the major railway companies in Canada have implemented standard contract and/or tariff provisions aimed at shifting responsibility for certain damages and claims to shippers. (See "*Risk Factors – Operational Risks – Transportation of Dangerous Goods*").

RISK FACTORS

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

In carrying out its business and operations, the Corporation deals with a number of risks. Generally, the Corporation's risks fall into two principal categories: (i) operational risks, including legal, regulatory and strategic risks; and (ii) financial risks. These categories are outlined below along with summaries of the specific risk factors within each general category. In some instances, risks may fall into both categories. In such cases the Corporation has classified risks based on the primary category in terms of how they affect it. The most significant risks in each category are listed first, based on the Corporation's current assessment of each risk. To the extent the Corporation's business or operations are affected by these risks, there could be an adverse effect on the Corporation's financial performance and distributable cash flow available to pay dividends.

The Corporation 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 Corporation'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 Corporation and also identifies some of the steps that the Corporation takes to mitigate these identified risks.

All statements regarding the Corporation'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 Corporation's business, financial position, results and/or future operations may be materially affected. Additional risks and uncertainties not presently known to the Corporation, or which the Corporation currently deems not to be material, may also have an adverse effect upon the Corporation 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 Corporation's control and, in spite of the Corporation's active management of its risk exposure, there is no guarantee that these risk management activities will successfully mitigate such exposure.

Operational Risks

Risk Relating to Refinery Operations

Tidewater owns and operate the PGR. There are risks inherent to the operations and activities of a refinery, including risks related to accidents, availability of crude oil and other feedstocks for use in the PGR, failure to adequately contract with third parties for offtake of products from the PGR or interruptions in offtake, labor and material shortages, direct and indirect risks related to legislative and regulatory requirements, including without limitation, the discharge and management of storm water and processed water, and risks related to local opposition. Tidewater does not have full control over the supply of power, natural gas, or water to the refinery and, as such, a key operational risk for the PGR is the availability of sufficient power, natural gas, and water supplies to support refinery operations. Large amounts of power, heat by way of natural gas, and large volumes of water are used in the refining of crude oil and even a temporary interruption of power or water could adversely affect operations.

Tidewater contracts with third parties for the supply of crude oil and other feedstocks to the PGR and for the offtake of refined products from the PGR. Adequate supply and offtake arrangements are a key operational risk for the PGR. An inability to conclude contracts for supply of crude oil or other feedstocks or for the offtake of any stream of refined products from the PGR, or any scheduled or unscheduled interruption in contracted supply or offtake, could have a material adverse effect on Tidewater's business, financial condition or results of operations.

Frac Spread and Commodity Prices

The light crude oil refining, natural gas, NGL and crude oil refined products midstream infrastructure business is exposed to possible price declines between the time Tidewater purchases NGL feedstock and sells NGL products, and to narrowing frac spreads. Frac spread is the difference between the selling prices for NGL products and the input cost of the natural gas required to produce the respective NGL products, generally expressed in US$ per US gallon. The frac spread can change significantly from period to period depending on the relationship between crude oil and natural gas prices (the "**frac spread ratio**"), absolute commodity prices, and changes in the Canadian to U.S. dollar foreign exchange rate. There is also a differential between NGL product prices and crude oil prices which can change prices received and margins realized for midstream products separate from frac spread ratio changes. The amount of profit or loss made on the extraction portion of the light crude oil refining, natural gas, NGL and crude oil midstream infrastructure business will generally increase or decrease with the frac spread. This exposure could result in material variability of cash flow generated by the light crude oil refining, natural gas, NGL and crude oil midstream infrastructure business, which could negatively affect Tidewater and the ability of Tidewater to declare cash dividends.

Recent market events and conditions, including global excess oil and natural gas supply, recent actions taken by the Organization of the Petroleum Exporting Countries and recent actions taken by various governments across the world, have resulted in significant weakness and volatility in commodity prices. These events and conditions have caused a significant decrease in the valuation of oil and natural gas-related companies and a decrease in confidence in the oil and natural gas industry generally. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulations. As discussed above, fluctuating commodity prices could have a material adverse effect on the Corporation's business, financial condition or results of operations.

Reliance on Producer Activity and Long Term Declines

The volumes of natural gas processed through Tidewater's natural gas and NGL midstream infrastructure business and of NGLs and other products transported in the pipelines depend on production of natural gas in the areas serviced by the business and pipelines. Without reserve additions, production will decline over time as reserves are depleted and production costs may rise.

The Corporation's facilities are located in or depend on the Western Canada Sedimentary Basin. As a mature basin, production is projected to decline over the long term. Although new technology has allowed producers to access and produce reserves that were previously viewed as uneconomic, it is not clear the extent to which such advances in technology will offset the long term overall declines. As well, industry activity levels depend upon economic and regulatory conditions that permit and incent producers to explore for and develop reserves. Producers in the areas serviced by the business may not be successful in exploring for and developing additional reserves, and the gas plants and the pipelines may not be able to maintain existing volumes of throughput. Commodity prices may not remain at a level which encourages producers to explore for and develop additional reserves or produce existing marginal reserves. Further, with current commodity pricing dynamics compounded by product egress challenges in the Western Canada Sedimentary Basin, some producers have slowed or modified their exploration and development plans in Western Canada. Lower production volumes will also increase the competition for natural gas supply at gas processing plants which could result in higher shrinkage gas premiums being paid to natural gas producers. The Corporation cannot predict the impact of future economic conditions on the energy and petrochemical industries or future demand for and prices of natural gas, NGLs, crude oil and other products. These and other factors such as higher development costs or royalties, global and North American commodity inventory levels and infrastructure constraints may discourage further producer exploration and development. A reduction in exploration and development activities or the curtailment of production (whether due to regulatory requirements, market constraints or voluntarily by producers) could result in declines in throughput at gas plants, pipelines, terminals and NGL processing facilities.

The rate and timing of production from proven natural gas reserves tied-in to the gas plants are at the discretion of the producers and are subject to regulatory constraints. The producers have no obligation to produce natural gas from these lands. Producers may suspend their drilling programs or shut in production as a result of lower product prices or higher production costs. Where possible, Tidewater attempts to negotiate area dedications or take-or-pay arrangements with producers or negotiate drilling commitments.

Tidewater's natural gas and NGL midstream infrastructure business is connected to various third party pipeline systems. Operational disruptions or apportionment on those third party systems may prevent the full utilization of the business.

There is also risk associated with Tidewater's customers being able to perform their contracted obligations. For example, customers 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's financial results, including the returns on capital investments.

Over the long term, business will depend, in part, on the level of demand for NGLs and natural gas in the geographic areas in which deliveries are made by pipelines and the ability and willingness of shippers having access or rights to utilize the pipelines to supply such demand. Tidewater cannot predict the impact of future economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel economy and energy generation devices, all of which could reduce the demand for natural gas and NGLs.

Facilities Throughput and Utilization Rates

Some of the Corporation's facilities including the PGR may operate at lower throughputs compared to their respective licensed or operating capacities. This may be due to a multitude of factors, including: declines in production; decisions by producers to delay or shut in production; actual production delivered by customers to Tidewater facilities not aligning with production profiles; operational issues or constraints in certain functional units within the facilities; operating conditions; changes in gas or NGL composition; low commodity prices; infrastructure or service bottlenecks and logistical issues; inventory or market constraints for particular commodities; and other reasons. Several of Tidewater's facilities are in areas with declining producer activity. There may also be times when facilities experience capacity constraints due to increasing throughput. In certain circumstances, the increased throughput may contribute to operating conditions that are not in line with the operational design of the facility.

The Corporation cannot predict the impact of future economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel economy and energy generation devices, all of which could reduce the demand for oil, refined products, natural gas and NGLs, thereby potentially reducing utilization rates at the Corporation's facilities.

The Corporation tries to mitigate these risks through a number of strategies, including: maintaining formal inspection, monitoring and maintenance programs for its equipment and pipelines to assist in maximizing facility availability and operational efficiency; working cooperatively with customers to provide them with comprehensive and competitive service options; pursuing business development initiatives to attract additional volumes; expanding or modifying functional units at certain plants if conditions warrant and/or there is sufficient demand; working with customers to manage inlet volumes; and pursuing projects to improve efficiencies and remove bottlenecks. There is no guarantee any of these strategies will be effective.

Use of utilization rates to estimate available raw gas processing capacity may be misleading as the ability of individual plant functional units, such as gas treating or NGL recovery, to handle additional raw gas volumes may become a limiting factor particularly if current plant operating conditions or gas composition depart significantly from original plant design operating conditions. Use of throughputs to estimate revenues may be misleading as the Corporation charges different fees for gas streams with different compositions.

Regulatory Compliance, Approvals and Interventions

The Corporation is subject to a variety of laws and regulations that require it to obtain registrations, licenses, permits, inspections and other approvals in order to operate. There is no guarantee that these, or any other, approvals can be obtained on a timely basis, or at all. Delays in processing applications may impact the schedule for capital projects. In some instances, regulatory delays, whether as a result of actions by a regulator or intervention by third parties, may result in project delays, project economics becoming less favourable or, in some cases, projects not proceeding at all. The cost to comply with regulatory requirements can be significant. As well, proposed changes to federal and provincial environmental laws may adversely affect the ability of Tidewater and others to advance projects which could adversely affect Tidewater's growth opportunities. Regulatory uncertainty makes it challenging for industry, including Tidewater, to make investment decisions and forecast compliance obligations (including costs) which compounds the challenges with the investment climate and industry activity in the WCSB. (See "*Risk Factors – Operational Risks Changes in Laws*").

Pipelines and facilities can be subject to common carrier and common processor applications and to rate setting by regulatory authorities in the event that agreement on fees or tariffs cannot be reached with producers. To the extent that producers believe processing fees or tariffs respecting pipelines and facilities are too high, they may seek rate relief through regulatory means. The Corporation tries to reduce the likelihood of regulatory intervention by taking industry standards and guidelines into account and by working proactively with various stakeholders and its customers. Rates and tariffs for the Corporation's pipelines and facilities are generally established to recover capital costs and earn a reasonable rate of return on investment. To date, no pipeline or facility operated by the Corporation has ever been declared to be a common carrier or a common processor. Nevertheless, there is no guarantee that the Corporation will be able to avoid challenges to its rates and tariffs. Further, the Corporation may also be adversely affected by regulatory action taken with respect to third party systems and infrastructure (See "*Risk Factors – Operational Risks – Reliance on Other Facilities and Third Party Services*").

Refining Margin

The financial performance of Tidewater's PGR refining operations is impacted by the relationship, or margin, between refined product prices and the prices of refinery feedstock. Refining margins are subject to seasonal factors as production changes to match seasonal demand. Sales volumes, prices, inventory levels and inventory values will fluctuate accordingly. Future refining margins are uncertain and decreases in refining margins may have a negative impact on Tidewater's business. Fluctuations in the price of commodities, associated price differentials and refining margins may impact the value of Tidewater's assets, Tidewater's cash flows, Tidewater's ability to maintain Tidewater's business and to fund potential growth projects. Prolonged periods of commodity price volatility may also negatively impact Tidewater's ability to meet guidance targets and meet all of Tidewater's financial obligations as they become due.

Tidewater uses derivative financial and physical instruments related to the future price of crude oil and fuel products and their relationship with each other, with the intent of reducing volatility in its cash flows due to fluctuations in commodity prices and spreads. Tidewater obtains such hedging through hedging instruments. Such hedging activities may not be effective in reducing the volatility of its cash flows and may reduce Tidewater's earnings, profitability and cash flows. Furthermore, Tidewater may not be able to enter into derivative financial or physical instruments to reduce the volatility of the prices of special products it sells if there is no established derivative market for such products. In addition, Tidewater's hedging activities are subject to the risks that a counterparty may not perform its obligations under the applicable derivative instrument, or if the terms of the derivative instruments are imperfect.

Refinery Operations

Tidewater's refining and marketing business is subject to risks inherent in the operation of refineries, terminals, pipelines and other transportation and distribution facilities including, but not limited to: loss of product, failure to follow operating procedures or operate within established operating parameters; slowdowns due to equipment failure or transportation disruptions; railcar incidents or derailments; marine transport incidents; weather; fires and/or explosions; unavailability of feedstock; and price and quality of feedstock. We do not insure against all potential occurrences and disruptions and it cannot be guaranteed that insurance will be sufficient to cover any such occurrences or disruptions. Our operations could also be interrupted by natural disasters or other events beyond Tidewater's control.

Refinery Supply

The PGR crude supply is predominantly light crude transported by the Pembina Western Pipeline and operates under published tariff. Under various market conditions, the PGR could see variability in its crude deliveries from Pembina Western Pipeline as the capacity on the pipeline fluctuates from time to time based on operating conditions and planned and/or unplanned maintenance. To manage month to month variability Tidewater has established systems, processes and resources to make the most economic supply decisions within the logistical and operational constraints. Safety of operation is of first priority, with optimization decisions always driven by economics. In addition to the Pembina Western Pipeline line capacity, the PGR also has the ability to receive material volumes of crude by truck when economic (primarily when the Pembina West Pipeline is not available).

Scheduled and Unscheduled Maintenance

The PGR consists of several processing units, each of which is to undergo scheduled maintenance events every three years. One or more of the units may require additional unscheduled downtime for unanticipated maintenance or repairs. Scheduled and unscheduled maintenance reduces Tidewater's revenues and increases its operating expenses during the period of time that the processing units are not operating and, among other things, could reduce Tidewater's ability to make distributions or payments of debt obligations. Furthermore, material unanticipated costs and delays may be incurred in scheduled and unscheduled maintenance which may negatively impact Tidewater's results of operations.

During the second quarter of 2019, prior to Tidewater's ownership, a successful turnaround was completed at the PGR. Turnarounds at the PGR are scheduled to occur every three years. Given the integrity upgrades and improved processes completed during the 2019 turnaround, Tidewater is assessing the possibility of extending the turnaround schedule to every four years. If unsuccessful or delayed, a turnaround could have a material adverse effect on Tidewater's business, financial condition or results of operations.

Reliance on Contractors for Refinery Operations

The PGR relies on contractors to conduct some activities onsite (primarily maintenance) and is exposed to risks related to their activities. As a result, the PGR is subject to a number of risks, some of which are outside Tidewater's full control, including:

- negotiating agreements with contractors on acceptable terms;
- reduced control over those activities that are the responsibility of contractors;
- failure of contractors to perform the requirements and obligations under their agreements, including failure to comply with safety systems and standards as well as applicable legal and regulatory requirements; and
- failure of contractors in connection with management of their workforce, labor unrest or other employment issues.

In addition, Tidewater may incur liability to third parties as a result of the actions of its contractors. The occurrence of one or more of these risks could adversely affect Tidewater's results of operations and financial position.

Reliance on Principal Customers, Operators and Suppliers

Tidewater relies on several significant customers to purchase product from the light crude oil refining, natural gas, NGL and crude oil midstream infrastructure business. The Corporation is also a party to various joint operating, processing and other agreements in conjunction with its natural gas processing activities. If for any reason such parties were unable to perform their obligations under the various agreements with Tidewater, the revenue and dividends of Tidewater, and the operations of the light crude oil refining, natural gas, NGL and crude oil midstream infrastructure business could be negatively impacted.

The Corporation enters into many contracts with its customers and suppliers which are often for a defined term or are subject to early termination upon notice. The Corporation also relies on agreements with key customers to underpin capital projects. There is no guarantee that any of the contracts that the Corporation currently has in place will be renewed at the end of their term or replaced with other contracts in the event of early termination. Further, there is a risk that customers or suppliers will be unable to perform their obligations under the contracts. Customers may also seek relief from their contractual obligations or seek to restructure their contractual arrangements. If any of these circumstances were to arise, the revenue generated by the Corporation could be reduced or capital projects could be suspended. In either case, the Corporation's financial results and the distributable cash flow available to pay dividends to Shareholders could be adversely affected. In a low commodity price environment, counterparty risk becomes more significant.

In an effort to minimize the risk of reliance on any single customer or supplier, the Corporation continues to diversify its customer and supplier base and actively continues to explore relationships with existing and potential new customers and suppliers. The Corporation also tries to provide efficient, reliable services and to build on its relationships with producers and others as a way of encouraging existing customers to renew contracts and to attract new customers and suppliers. In spite of these efforts, there is no guarantee that the Corporation will be able to renew or replace existing contracts or enter into new contracts or that existing contracts will generate the expected benefits. The Corporation may also be able to partially mitigate potential losses in some circumstances through the use of business interruption insurance; however, such insurance coverage may not be sufficient to compensate for all such losses or damages (See "*Risk Factors – Financial Risks – Adequacy of Insurance*").

Construction Project Timing and Cost

Many projects of the Corporation are currently under development and the successful completion of several projects is dependent on a number of factors that are outside the Corporation's control. The timing of completion and capital costs may change depending on many factors including supply, demand, inflation, labour, materials and equipment availability, contractor non-performance, weather conditions, cost of engineering services, and other factors that are out of the Corporation's control. As these projects are undertaken, required approvals may not be obtained, may be delayed or may be obtained with conditions that materially alter the expected return associated with the underlying projects. Moreover, the Corporation may incur financing costs during the planning and construction phases of its growth projects.

Generally, the cash flows the Corporation expects these projects to generate will not materialize until after the projects are completed. In addition, construction delays or increased costs associated with capital projects could reduce project returns or prevent the Corporation from meeting its contractual "in service" commitments. Further, these projects may be completed behind schedule or in excess of budgeted cost. For example, the Corporation must compete with other companies for the materials and construction services required to complete these projects, and competition for these materials or services could result in significant delays and/or cost overruns. As a result, the cost estimates and completion dates for the Corporation's major projects can change at different stages of the project. Accordingly, actual costs can vary from these estimates and these differences can be significant. Significant cost overruns may adversely affect the economics of particular projects, as well as the Corporation's business operations and financial results. Further, there is a risk that maintenance will be required more often than currently planned or that significant maintenance capital projects could arise that were not previously anticipated.

The Corporation tries to mitigate some of these risks through its implementation of a project delivery system, increasing its focus on validating cost estimating, evaluating its contracting strategies and contractor selection processes, project controls and developing enhancements to its procurement processes. In addition, the Corporation tries to build in reasonable time frames and contingencies into its agreements and project economics.

Federal Air Quality Management system

The Multi-sector Air Pollutants Regulations ("**MSAPR**"), issued under the CEPA, 1999, seek to protect the environment and health of Canadians by setting mandatory, nationally-consistent air pollutant emission standards. The MSAPR are aimed at equipment-specific Base-Level Industrial Emissions Requirements ("**BLIERs**"). Nitrogen oxide BLIERs from Tidewater's non-utility boilers, heaters and reciprocating engines are regulated in accordance with specified performance standards. We do not anticipate a material impact to existing or future operations as a result of the MSAPR, Canadian Ambient Air Quality Standards ("**CAAQS**") for nitrogen dioxide, sulphur dioxide, fine particulate matter ("**PM2.5**") and ozone were introduced as part of a national Air Quality Management System. Provincial level implementation of the CAAQS may occur at the regional air zone level and air zone management actions may include more stringent emissions standards applicable to industrial sources from approval holders in regions where we operate that may result in adverse impacts such as but not limited to increased operating costs.

Operational Hazards

The Corporation's operations are subject to common hazards of the natural gas (sweet and sour), NGL and crude oil refining and handling business. The operation of Tidewater's light crude oil refining, natural gas and NGL midstream infrastructure business could be disrupted by natural disasters or other events beyond the control of Tidewater. A casualty occurrence could result in the loss of equipment or life, as well as injury and property damage.

The Corporation also transports volumes of hydrocarbons by rail which may be more prone to accidents and mishaps than pipeline transportation of hydrocarbons. The operation of the Corporation's assets involves many risks, including the breakdown or failure of equipment, information systems or processes, the performance of equipment at levels below those originally intended (whether due to declining throughput, misuse, unexpected degradation or design, construction or manufacturing defects), failure to maintain an adequate inventory of supplies or spare parts, operator error, labour disputes, disputes with owners of interconnected facilities and carriers, releases of harmful substances into the environment, spills associated with the loading and unloading of harmful substances onto rail cars and trucks, and catastrophic events such as natural disasters, fires, explosions, derailments, fractures, well blowouts, acts of terrorists and saboteurs, and other similar events, many of which are beyond the control of the Corporation. The occurrence or continuance of any of these events could increase the cost of operating the Corporation's facilities and/or reduce its processing or throughput capacity, or result in damages, claims or fines, all of which could adversely affect the Corporation's operations and financial performance.

Operating and Capital Costs

Operating and capital costs of Tidewater's light crude oil refining, natural gas, NGL and crude oil midstream infrastructure 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. Dividends may be reduced if significant increases in operating or capital costs are incurred.

Although operating costs are to be recaptured through the tariffs and fees charged on refined products, natural gas volumes processed and oil and NGLs transported, respectively, to the extent such charges escalate, producers may seek lower cost alternatives or stop production of their natural gas.

In order to produce NGL, the producing facility must purchase natural gas, referred to as shrinkage gas, to compensate the owner of the natural gas or offgas that is processed for the energy removed from the gas stream when NGL are removed through the extraction process. The cost of the shrinkage gas, which is the largest cost component in the production of NGL, is typically tied to a benchmark natural gas price based on a combination of daily spot prices and monthly index natural gas prices.

Reliance on Other Facilities and Third Party Services

The Corporation's facilities are connected to various third party pipeline systems. These connections are important to the Corporation and its customers as they provide critical transportation routes. In particular, the Corporation's light crude oil refining, natural gas, NGL and crude oil midstream infrastructure business also relies on connections to other third party infrastructure, including various pipelines and rail facilities. Risks may be created as a result of lack of alignment between the third party facilities and the Corporation's facilities. For example, there may be differences in pressures, specifications or capacities which affect operations. As well, there may be issues with respect to scheduling and service delivery by third parties that affect the Corporation's operations, such as the scheduling and availability of timely and reliable rail service by the railway companies on which the Corporation relies at its rail terminals. As well, operational disruptions, apportionment, regulatory action and other events on third party systems and infrastructure may prevent the full utilization of the Corporation's facilities, require the Corporation to spend additional capital, or otherwise hamper the Corporation's business activities.

Tidewater is also impacted by the development or lack of development of pipeline infrastructure providing product egress from the WCSB. Without incremental project egress options, it is possible the pricing differentials and supply/demand dynamics will continue to disadvantage the WCSB which may have an adverse effect on Tidewater's business.

The Corporation is unable to control operations or events in third party facilities making the mitigation of these risks challenging. However, generally speaking, the owners of these facilities have significant financial resources, competent personnel, formal security programs, and well developed operating practices and inspection and maintenance programs. The Corporation is also unable to control regulatory actions that may be taken with respect to third party facilities. Depending on the nature of the regulatory action taken, the Corporation's commercial operations and business arrangements could be adversely affected (See "*Risk Factors – Operational Risks – Regulatory Compliance, Approvals and Interventions*").

Possible Failure to Realize Anticipated Benefits of Recently Completed Acquisitions

Tidewater has recently completed several acquisitions to achieve a variety of benefits, including geographically diversifying its pipeline and midstream infrastructure, gaining access to new and prolific resource plays and augmenting its fee-for-service cash flow stream. Achieving the benefits of such acquisitions depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Tidewater's ability to realize the anticipated growth and development opportunities from the assets underlying such acquisitions. Acquisitions involve a number of other risks that may adversely affect Tidewater's ability to achieve the anticipated benefits of such acquisitions, including: diversion of management's attention; disruption to the Corporation's ongoing business; failure to retain key acquired personnel; difficulties in integrating acquired operations or personnel; unanticipated expenses, events or circumstances; and the assumption of disclosed and undisclosed liabilities. In addition, the Corporation has acquired and may acquire certain minor upstream assets pursuant to acquisitions, which may involve risks normally associated with upstream assets, including, but not limited to, environmental damage and hazards, blow outs and changes in geologic formations.

Risks Arising from Co-ownership

Many of the Corporation's facilities are jointly owned with third parties. Approvals must be obtained from such joint owners for proposals to make capital expenditures regarding such facilities. These approvals typically require that a capital expenditure proposal be approved by at least two or three owners holding a specified percentage of the ownership interests in the relevant facility, usually ranging between 50% and 70%. It may not be possible for the Corporation to obtain the required levels of approval from co-owners of facilities for future proposals for capital expenditures, which may adversely affect the Corporation's ability to expand or improve its existing facilities. In addition, agreements for joint ownership often contain restrictions on transferring an interest in a facility. The most frequent restriction is a right of first refusal which requires a transferor who is proposing to transfer an interest, to offer such interest on the same commercial terms to the other holders of interests in the facility prior to completing the transfer. Such provisions may restrict the Corporation's ability to transfer its interests in facilities or to acquire a joint venture owner's interests in facilities, and may also restrict the Corporation's ability to maximize the value of a sale of its interest.

The Corporation has been increasing its ownership interests at many of its existing gas plants over the years, in many cases becoming the sole owner, in order to mitigate some of the risks arising from co-ownership. However, many of the Corporation's current capital projects and business initiatives are joint ventures, and in several of these projects the Corporation was not appointed or will not be appointed the operator.

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

In addition, some of the Corporation's facilities are operated by third parties and, therefore, to the extent a third party operator fails to perform its functions efficiently or becomes insolvent, the Corporation's business and operations may be adversely affected. Efforts to mitigate this risk by contracting with competent operators and negotiating appropriate allocation of risk in its contracts may not be effective.

Natural Gas and NGL Composition

Each of the Corporation's gas plants is designed to process raw natural gas feedstock within a certain range of composition specifications. The gas plants may require modification to operate efficiently if the composition of the raw gas being processed changes significantly. The configuration of each of the Corporation's gas plants may not be optimal for efficient operation in the future if a change in inlet gas composition is outside a plant's acceptable range of composition specifications.

The Corporation monitors plant throughput, gas composition, third party system performance and industry development activity in the capture areas surrounding its facilities on an ongoing basis. This information is used to assist with ongoing operational decisions, bringing on new production and new customers, evaluating expansion opportunities and assessing opportunities to modify or add new services to accept the inlet gas in the capture areas surrounding its facilities.

The Corporation's NGL facilities are also exposed to risks associated with feedstock composition. If the NGLs handled at these facilities differ in composition or specification from the design of the facilities, there may be operational challenges and additional maintenance activities may be necessary.

Competition

Tidewater's light crude oil refining, natural gas, NGL and crude oil midstream infrastructure business is subject to competition from other gas processing plants which are either in the general vicinity of the gas plants or have gathering systems that are or could potentially extend into areas served by the gas plants. The pipelines and storage, terminalling and processing facilities are also subject to competition from other pipelines and storage, terminalling and processing facilities in the areas they serve, and the gas products marketing business is subject to competition from other marketing firms.

Producers in Western Canada compete with producers in other regions to supply natural gas and gas products to customers in North America and the natural gas and gas products industry also competes with other industries to supply the fuel, feedstock and other needs of consumers. Such competition may have an adverse effect on the production of natural gas and gas products in Western Canada and, as a result, on the demand for Tidewater's services.

Overall, competition for business opportunities has continued to be aggressive. This competitive dynamic, may place downward pressure on expected returns when seeking to negotiate new projects and opportunities or force Tidewater to reduce its fees (and associated) returns in order to retain customers.

The Corporation tries to mitigate these risks by working cooperatively with its existing customers, monitoring industry activity and the activities of its competitors in key markets and being proactive in identifying opportunities in existing and emerging markets. In some circumstances, the capital investment necessary to construct new competitive infrastructure may discourage some potential new competitors from constructing new facilities. While the Corporation feels it is well positioned to compete with its peers, the aggressive action by competitors, changes in law, declines in production and a stronger shift in the market place to non-hydrocarbon based renewable energy sources could all adversely affect the Corporation's competitive position.

Environmental and Public Safety Considerations

The Corporation's activities are regulated by federal, provincial, and municipal environmental legislation. This legislation imposes, among other things, restrictions, liabilities and obligations in connection with the handling, use, storage, transportation, treatment and disposal of hazardous substances and waste, and in connection with spills, releases and emissions of various substances into the environment. Environmental risks from the Corporation's operating facilities typically include: air emissions, such as sulphur dioxide, nitrogen oxides, particulate matter and greenhouse gases; potential impacts on land, including land reclamation or restoration following construction; the use, storage or release of chemicals or hydrocarbons; the generation, handling and disposal of wastes and hazardous wastes; and water impacts. Environmental controls including physical design, programs, procedures and processes are in place to assist in managing these risks.

Environmental legislation also requires that facilities, pipelines and other properties associated with the Corporation's operations be operated, maintained, abandoned and reclaimed to comply with changing regulations and standards to the satisfaction of applicable regulatory authorities. Many of the Corporation's facilities are subject to licensing requirements imposed by the Alberta Environment and Parks and/or the AER. These licenses must be renewed from time to time and there is no guarantee that the licenses will be renewed on the same or similar conditions or at all. In addition, certain types of activities may require the submission and approval of environmental impact assessments or permit applications.

Provincial and federal governments may also take steps to impose stricter regulations and emission limits on greenhouse gas or other emissions in the near term. If it is determined that emissions exceed permitted limits, regulatory requirements will be triggered that require action to be taken to reduce emission levels to acceptable levels, unless an extension or relaxation is granted. There can be no assurance that any extension of time to achieve compliance would be granted and immediate compliance may not be possible and failure to comply with current or future regulations could have a material adverse effect on the Corporation's business and financial results. Overall, there is some uncertainty surrounding the impact of environmental laws and regulations on the Corporation's operations, and it is difficult to predict how these laws and regulations may evolve. At this time, the Corporation does not anticipate that it will be affected in a manner materially different than any other comparable midstream business, but it will continue to monitor developments and assess the potential implications.

Given the nature of sour gas, certain public safety and environmental risks are inherent in the handling and gas sweetening processes at the Corporation's facilities. Major equipment failure, a release of toxic substances or a pipeline rupture (including as a result of third party contact or impact to the pipeline) could result in damage to the environment and the Corporation's oil and gas infrastructure, death or injury and substantial costs and liabilities to third parties and the Corporation. Further, if, at any time, appropriate regulatory authorities deem any one of the pipelines or facilities unsafe, they may order it to be shut down.

Commodity storage, refining and transportation activities involve numerous risks that may result in environmental damage or otherwise adversely affect the operations of Tidewater's business. Environmental risks inherent in the storage, refining and transportation of crude oil and other petroleum products include, but are not limited to, accidental spills or releases of crude oil, liquid petroleum products, chemicals or other hazardous substances, including without limitation, storm water and processed water. The occurrence or continuance of such events could result in significant environmental pollution; damage to local property, wildlife populations and natural resources; impairment or suspension of operations at the PGR; modifications to or revocation of existing regulatory approvals; fines; and serious reputational damage to Tidewater, any of which could materially and adversely affect Tidewater's business, prospects, results of operations and/or financial condition.

Refinery and facility operations are subject to environmental regulation under federal, provincial and local legislation, regulations and initiatives, including ones designed to reduce greenhouse gas emissions, which may increase costs and adversely affect Tidewater's ability to operate the PGR.

Abandonment and Decommissioning

Tidewater will be responsible for compliance with all laws and regulations regarding abandonment and decommissioning of Tidewater's light crude oil refining, natural gas, NGL and crude oil midstream infrastructure business at the end of their economic life, which abandonment costs may be substantial. A breach of such legislation and/or regulations may result in the imposition of fines and penalties, including an order for cessation of operations at the site until satisfactory remedies are made. It is not possible to estimate reliably the abandonment and reclamation costs since they will be a function of regulatory requirements at the time and the value of the salvaged equipment may be more or less than the abandonment and reclamation costs. In the future, the Corporation may determine it prudent or be required by applicable laws or regulations to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs. See also "*Other Information Relating to Tidewater's Business – Decommissioning, Abandonment and Reclamation Costs*".

Transportation of Dangerous Goods

The Corporation's operations include rail loading, offloading and terminalling facilities used to transport various petroleum products. These petroleum products are considered dangerous goods under TDG laws. The volume of product shipped and the number of rail cars loaded at the Corporation's facilities has continued to increase over the years. When the Corporation loads petroleum products, it may be considered the consignor, in which case it has specific responsibilities under the TDG laws, including the responsibility to ensure that the product is properly classified, the shipment is properly labelled and the product is loaded in an appropriate tank. The Corporation also owns and operates rail infrastructure and must comply with applicable laws (including TDG laws) relating to the maintenance and inspection of these facilities.

Tidewater may face liability for personal injuries, damage to property, lost product in the event of an incident involving rail cars or trucks loaded by Tidewater, where Tidewater is the consignor or importer of the product, where Tidewater owns the product that is involved in an incident, or where an incident occurs on Tidewater's proprietary rail infrastructure. As well, under various environmental statutes in both Canada and the U.S., Tidewater could be held responsible for environmental damage caused by hydrocarbons loaded at its facilities or being carried on its leased rail cars. In the event that Tidewater is ultimately held liable for any damages resulting from its activities relating to TDG, for which insurance is not available, or increased costs or obligations are imposed on Tidewater as a result of new regulations, Tidewater's business, operations and financial performance could be adversely affected.

In addition, the Corporation may be exposed to regulatory action in the event that it fails to comply with TDG laws. See also "*Other Information Relating to Tidewater's Business – Transportation of Dangerous Goods*".

The Corporation regularly assesses the risks associated with the transportation of dangerous goods. The risk mitigation measures that the Corporation employs include, among other things: training programs for operational and logistics staff; adoption of general and site-specific procedures for loading/unloading, infrastructure maintenance, testing and product classification; leasing rail cars that comply with current regulatory requirements; engaging with industry associations and regulatory agencies; periodically auditing operations and logistics practices; reviewing insurance requirements and securing appropriate coverage; hiring specialists as appropriate to assist. There is no guarantee that these mitigation measures will be effective.

Change in Laws

The oil and natural gas industry, including the midstream industry, is subject to regulation and intervention by governments in such matters as environmental protection, exploration and development activities, the licensing, operation and expansion of wells and facilities, and the abandonment of facilities. There is no guarantee that laws and administrative policies relating to the oil and natural gas industry, including the midstream industry, will not be changed in a manner which could adversely affect the Corporation or the Shareholders. In addition to being affected by changes aimed directly at midstream facilities, the Corporation could also be adversely affected by changes in regulations or policies directed at upstream activities, such as land sales, exploration and development in the capture areas surrounding the Corporation's facilities, as well as changes directed at downstream activities, including retail and consumer uses. In addition, the Corporation could be adversely affected by the imposition of additional emission limits for greenhouse gases in Canada or the U.S.

Proposed changes to federal environmental assessment requirements have raised a number of concerns for the oil and gas industry and created uncertainty for project proponents. If these changes are passed into law, the ability to secure approvals for projects may be adversely affected. This could affect Tidewater directly if any of its potential future projects become subject to the new environmental assessment requirements, as well as indirectly if the proposed new laws become a deterrent to the development of oil and gas in Canada. Overall regulatory uncertainty and ongoing regulatory change in Canada contributes to an uncertain investment climate, which has implications for industry activity levels, investor perceptions, and the ability to accurately forecast future costs and obligations. (See "*Risk Factors – Operational Risks – Regulatory Compliance, Approvals and Interventions*").

In the event of legislative or regulatory changes, the Corporation's ability to conduct business may be adversely affected, which could thereby have a negative effect on distributable cash flow and the dividends it provides to the Shareholders.

With the evolving political dynamics in the U.S., including increasing protectionist sentiment, the reopening of trade agreements, and efforts to reduce regulation in many U.S. industries, the competitive position of Tidewater and the Canadian energy industry overall may become increasingly uncertain and challenging in relation to the U.S.

First Nations Consultation and Claims

Some of the Corporation's facilities are located near reserve lands or other lands that have been traditionally used by aboriginal peoples. Aboriginal 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, aboriginal 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 (and from first nation to first nation), which can contribute to process uncertainty, increased costs, delay in receiving required approvals, and potentially, an inability to secure the required approvals for some projects.

Further, the successful assertion of aboriginal title or other claims could have a significant adverse effect on natural gas production or oil sands development in Alberta, which in turn could have a material adverse effect on the Corporation's business and operations, including the volume of natural gas and NGLs handled through the Corporation's facilities. Additionally, some types of claims may affect or limit the Corporation's ability to secure locations for capital projects.

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

Information Technology Systems and Security

The Corporation utilizes a number of information technology systems for the management of its business and the operation of its facilities. The reliability and security of these systems is critical. If the functionality of these systems is interrupted or fails and cannot be restored quickly, or if the technologies are no longer supported, the Corporation's ability to operate its facilities and conduct its business could be compromised. Further, although the technology systems the Corporation utilizes are intended to be secure, there is a risk that an unauthorized third party could access the systems. Such a security breach could lead to a number of adverse consequences, including but not limited to, the unavailability, disruption or loss of key functionalities within the Corporation's control systems and the unauthorized disclosure, modification, corruption or loss of sensitive company information, including trade secrets and confidential business information, customer or personal information. The loss or misuse of this information could cause business disruptions, reputational damage, extensive personal injury and third party claims which could negatively impact Tidewater's operations and financial performance. The Corporation attempts to prevent such breaches through the implementation of various technology security measures, segregation of control systems from its general business network, engaging skilled consultants and employees to manage the Corporation's technology applications, conducting periodic audits and adopting policies and procedures as appropriate. There is no guarantee that these measures will be effective.

Weather Conditions

Weather conditions can affect the demand for and price of refined products, crude oil feedstock, natural gas and NGLs. As a result, changes in weather patterns can affect throughput as well as the Corporation's refined products and NGL marketing activities. For example, colder winter temperatures generally increase demand for natural gas and NGLs used for heating, which tends to result in increased throughput volumes at facilities and higher prices in the marketing business. In its facilities and NGL business, the Corporation tries to position itself to be able to handle increased volumes of throughput and storage at its facilities to meet changes in seasonal demand; however, at any given time, facility and storage capacity is finite. Weather may also affect the operations and projects of the Corporation's customers and suppliers, thereby influencing the services and products the Corporation provides and/or receives.

Weather conditions, including extreme heat and extreme cold, can pose safety concerns for workers and can affect the performance and operation of the Corporation's facilities. Weather conditions may also influence the Corporation's ability to complete capital projects or facility turnarounds on time, potentially resulting in delays, increasing costs of such capital projects and turnarounds, and in some cases, may result in the Corporation being unable to meet its contractual "in service" dates.

Employees and Contractors

A skilled workforce is important to the ongoing success of the Corporation. If the Corporation is unable to attract and retain skilled employees and contractors in variable employment markets, the Corporation's business and operations could be adversely affected. Further, the cost of retaining employees and hiring contractors in some locations can place inflationary pressure on the Corporation's costs.

Given the demand for many of these skilled individuals, the Corporation devotes a significant amount of resources and planning to the recruitment, retention, and training of its employees and contractors to secure the required level of staffing and skills necessary to support its businesses and projects. As a result, the Corporation maintains a relatively good relationship with its employees and tries to cultivate a work environment in which employees have internal growth opportunities. The Corporation also tries to cultivate good relationships with dependable contractors in order to try to benefit from reliability and continuity of service. Nevertheless, if the Corporation is not able to attract skilled employees and contractors, its ability to execute its business plans may be impaired.

Labour Relations

The BRC gas plant is subject to a collective agreement. Approximately 48 employees employed by Tidewater at the BRC are represented by Unifor Local 431. The collective agreement for employees at the BRC was ratified on January 8, 2020 and expires on January 31, 2023.

Additionally, approximately 63 employees employed by Tidewater at the PGR are represented by Unifor Local 1997. In April, 2019, Tidewater's predecessor at the PGR, Husky, negotiated a new collective agreement with Unifor Local 1997 that expires on January 31, 2023.

Labour disruptions could restrict the ability of the BRC gas plant to process natural gas and pipeline operations to operate, as well as the ability of the PGR to produce refined products, and therefore affect the Corporation's financial results. The Corporation will attempt to enter into union negotiations on a timely basis in light of the length of the collective agreement. However, the Corporation cannot guarantee that it will be able to successfully negotiate the collective agreement prior to its expiration. Any work stoppages or unbudgeted or unexpected increases in compensation could have a material adverse effect on the Corporation's profitability.

See "*Business of Tidewater – Employees and Labour Relations*".

Conflicts of Interest

There are potential conflicts of interest to which some of the directors and officers of Tidewater will be subject in connection with the operations of Tidewater. Some of the directors and officers are engaged and will continue to be engaged in the midstream infrastructure business on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with Tidewater. Conflicts of interest, if any, which arise will be subject to and be 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 Tidewater, to disclose his interest and to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Reputational Risk

The Corporation believes its reputation as a reliable and responsible midstream energy services provider is one of its most valuable assets. Maintaining a positive reputation in the eyes of its customers, regulators, communities and the general public is an important aspect of the implementation of the Corporation's business strategy. The Corporation's reputation may be adversely impacted by the actions and activities it undertakes, as well as the activities of its employees. In addition, the Corporation's reputation could be affected by the actions and activities of other companies operating in the energy industry and by general public perceptions of the energy industry, over which the Corporation has no control. For example, negative publicity related to pipeline incidents, unpopular expansion plans or new projects, as well as opposition from organizations opposed to oil and gas, oil sands or pipeline development, all have the potential to affect the perception of the Corporation by its stakeholders. The increasing debate and focus on climate change has contributed to increasing negative public sentiment toward the hydrocarbon-based energy sector and higher levels of scrutiny with respect to emissions and overall environmental performance. If the Corporation's reputation is diminished, it could result in, among other things: loss of customers; revenue loss; delays in obtaining regulatory approvals with respect to growth projects; increased operating, capital, financing or regulatory costs; lower shareholder confidence; or loss of its social license to operate.

Expansion of Operations

The Corporation's operations and expertise are currently focused primarily on midstream oil and gas activities; however, in the future it is possible that the Corporation could engage in other activities. Expansion of the Corporation's business into new areas may present new risks or significantly increase the exposure to one or more of the existing risks, any of which may adversely affect the Corporation's future operational and financial conditions. To help mitigate this risk, expansion opportunities, whether within the Corporation's core activities or into new activities, are carefully evaluated. The Corporation reviews the criteria it uses to evaluate expansion opportunities based on its assessment of the business environment and fit with the Corporation's business strategy. As appropriate, the Corporation evaluates the need for additional insurance that may be required to address the risk profile associated with any new businesses or expansion of operations.

Exploration and Development of Upstream Assets

The Corporation has acquired certain minor upstream assets and may acquire other upstream assets in connection with future acquisitions. Although the Corporation does not plan at this time to expand its operations to include the exploration and development of such assets, in the event the Corporation does engage in such activities, it will involve the risks normally associated with the exploration, development and operation of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, potential environmental damage, blow-outs, cratering, fires and spills, all of which could result in personal injuries, loss of life and damage to property of Tidewater and others. In accordance with customary industry practice Tidewater does maintain insurance coverage, but is not fully insured against all risks, nor are all such risks insurable.

In addition, oil and natural gas exploration is a high-risk venture with uncertain prospects for success and for which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures made on future exploration or development activities by Tidewater, if applicable, will result in discoveries of oil or natural gas that are commercially or economically possible. It is difficult to project the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as overpressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. Even if commercial quantities of petroleum or natural gas are discovered, there is no assurance that production therefrom or development thereof will occur or be profitable. Natural resource prices fluctuate widely and are affected by numerous factors such as inflation, interest rates, demand, transportation constraints, global or regional political and economic crisis and production costs in major producing regions. The aggregate effect of these factors, all of which are beyond Tidewater's control, is impossible to predict. No assurance can be given that commercial accumulations of oil and natural gas will be discovered as a result of the efforts of Tidewater and prospective investors must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of the management of Tidewater in event the Corporation elects to engage in the exploration and development of any of its upstream assets.

Dependence on Key Personnel

The success of Tidewater has been largely dependent on the skills and expertise of its key personnel to manage the overall business and achieve positive margins. The continued success of Tidewater will be dependent on its ability to retain such personnel. Costs associated with retaining key personnel could adversely affect Tidewater's business operations and financial results. Tidewater tries to mitigate the risk of losing key personnel for economic reasons by obtaining expert advice with respect to compensation matters (including salary as well as long and short term incentive plans). Tidewater also participates in industry compensation surveys in order to measure its compensation package against prevailing market rates. Tidewater also places significant emphasis on employee engagement, leadership training, succession planning, and maintaining a positive corporate culture.

Financial Risks

Market Price

The trading price of the Common Shares has been and may continue to be subject to significant fluctuations, which may be based on factors unrelated to the Corporation's financial performance or prospects. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares may also be significantly affected by changes in commodity prices, currency exchange fluctuation or in the Corporation's financial condition or results of operations. Other factors unrelated to the performance of the Corporation that may have an effect on the price of the securities of the Corporation include the following: the extent of analytical coverage available to investors concerning the business of the Corporation may be limited if investment banks with research capabilities do not follow the Corporation's securities; lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of securities of the Corporation; and investors' confidence in the WCSB, and the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's securities. If an active market for the securities of the Corporation does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Corporation may decline.

Debt Matters

The Corporation relies on debt financing for some of its business activities, including capital and operating expenditures. There are no assurances that the Corporation will be able to refinance any or all of its borrowings at their maturity. In addition, there are no assurances that the Corporation will be able to comply at all times with the covenants applicable under its current borrowings; nor are there assurances that the Corporation will be able to secure new financing that may be necessary to finance its operations and capital growth program. Any failure of the Corporation to secure refinancing, to obtain new financing or to comply with applicable covenants under its borrowings could have a material adverse effect on the Corporation's financial results, including its ability to maintain dividends to Shareholders. Further, any inability of the Corporation to obtain new financing may limit its ability to support future growth.

The Corporation believes that the existing credit 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 Corporation, along with other oil and gas companies, may have restricted access to capital and increased borrowing costs. The Corporation'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 Corporation'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 Corporation, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. As a result, the Corporation may be unable to maintain a level of cash flow from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness. These conditions could have an adverse effect on the industry in which the Corporation operates and its business, including future operating and financial results. There can be no assurance that the Corporation's cash flow from operating activities will be adequate for future financial obligations or that additional funds will be able to be obtained.

Overall Level of Indebtedness

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

Future Sales or Issuances of Securities

The Corporation may sell Common Shares or other securities in subsequent offerings. The Corporation may also issue additional securities to finance future activities.

Further, the Corporation may issue Common Shares upon conversion, redemption or maturity of the Debentures. Additionally, the Corporation may issue Common Shares in connection with the payment of interest on the Debentures.

The Corporation cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares. Sales or issuances of substantial number of Common Shares, or the perception that such sales could occur, may adversely affect the prevailing market price of the Common Shares. With any additional sale or issuance of Common Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per share.

Market Risk and Marketing Activities

The Corporation enters into contracts to purchase and sell refined products, crude oil feedstock, natural gas, NGLs and crude oil. Many of these contracts are priced at floating market prices. These activities expose the Corporation to market risks resulting from movements in commodity prices between the time volumes are purchased and the time they are sold, from fluctuations in the margins between purchase prices and sales prices, balancing product purchases and sales contracts, and, in some cases, may also expose the Corporation to currency exchange risk. Two significant elements of these contracts include:

(a) *Product Price* – The prices of the products that are marketed by the Corporation are subject to fluctuations resulting from seasonal demand changes, changes in natural gas, NGL and crude oil markets, and other factors. These exposures could result in variability in the operating income generated by the marketing business unit and the Corporation's distributable cash flow.

(b) *Volume* – The Corporation purchases from producers and other customers a substantial volume of NGLs for resale to third parties, including other marketers and end-users. In many circumstances, particularly in the marketing business, purchase and sale contracts are not perfectly matched as they are entered into at different times, locations and values. A producer or supplier could fail to deliver contracted volumes or could deliver in excess of contracted volumes, or a purchaser could purchase less than contracted volumes. Any of these actions could cause the Corporation's purchases and sales to be unbalanced. While the Corporation attempts to balance its purchases and sales, if its purchases and sales are unbalanced, the Corporation will face increased exposure to commodity price risks and could have increased volatility in its net income and cash flow from operating activities.

Litigation Risk

The Corporation is, in the course of its business, subject to lawsuits and other claims. Defence and settlement costs associated with such lawsuits and claims can be substantial, even with respect to lawsuits and claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have an adverse effect on the Corporation's operating results or financial performance.

While management of Tidewater does not believe that the actions listed in this AIF under the heading *"Legal Proceedings"* will have a material effect on the business or financial condition of Tidewater, no assurance can be given as to the final outcome of these or any other legal proceedings or that the ultimate resolution of these or any other legal proceedings will not have a material adverse effect on Tidewater. In the event that the adverse party is successful in a claim against Tidewater, Tidewater has insurance and potential damages claimed in Tidewater's counterclaim(s) which may mitigate the impact upon the financial condition of Tidewater; however, there are limits to Tidewater's insurance (which will be reduced by the amount of expenses of the lawsuit claimed by Tidewater against the insurance) and there can be no assurance that Tidewater's insurer will not determine that one or more of the claims specified by the adverse party are not covered by Tidewater's insurance policy and deny coverage. In the event that the adverse party's claim was to be determined in a manner adverse to Tidewater, it could have a material adverse effect on Tidewater's business, financial condition and results of operations.

Operating, Capital and General and Administrative Costs

Operating and capital costs associated with the Corporation's facilities represent significant components of the cost of providing services. These costs may vary considerably from current and forecast values and rates. In general, as facilities age, costs associated with operating and maintaining such facilities may increase over time. In addition, fluctuations in the prices of electricity and fuel can cause significant fluctuations in operating costs.

Maintenance capital requirements and maintenance expenses may vary from year to year depending on such factors as the scheduling of maintenance turnarounds, operating conditions and gas composition. The costs of the Corporation's inspection, monitoring and maintenance programs have been expensed in the period they are incurred. Maintenance turnarounds, and repairs or replacements with enduring value are capitalized rather than expensed in accordance with the Corporation's capitalization policies and applicable accounting standards. Growth capital expenditures vary depending upon available opportunities and financing.

General and administrative costs may vary considerably from current and forecast values as a result of fluctuations in employment markets and the demand for trades which affect compensation that must be paid to attract and retain employees and contractors.

Financial results may be adversely affected if significant increases in operating, capital or general and administrative costs are incurred and not recovered. Although operating costs are usually recovered through the tariffs charged on processing and transportation, some processing arrangements do not permit the flow-through of operating costs. Even at facilities where flow-through arrangements are in place, to the extent the costs charged to producers escalate, they may seek lower cost alternatives or shut-in production of their natural gas.

Adequacy of Insurance

The Corporation currently maintains customary insurance of the types and amounts consistent with prudent industry practice. The Corporation may also purchase customary coverage to cover potential losses during the construction of new infrastructure. In addition, the Corporation maintains director and officer liability coverage consistent with industry practice. The Corporation is not obligated to maintain insurance if it is not available to the Corporation on commercially reasonable terms. Further, there can be no assurance that such insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates. The insurance coverage obtained with respect to the Corporation's business and facilities will be subject to limits and exclusions or limitations on coverage that are considered to be reasonable, given the cost of procuring insurance and current operating conditions. There can be no assurance that the insurance proceeds received by the Corporation in respect of a claim will be sufficient in any particular situation to satisfy the indebtedness of the Corporation or fully protect against catastrophic events or prolonged shutdowns. Losses beyond the scope of the Corporation's insurance coverage could have a material adverse effect on its business, operations and financial performance.

Environmental Compliance and Remediation Costs

The Corporation allocates funding for its environmental programs each year. However, there is the risk that unforeseen matters may arise requiring the Corporation to set aside additional funds. Compliance obligations under applicable environmental laws can result in significant costs associated with installing and maintaining pollution controls, fines and penalties resulting from any failure to comply, and potential limitations on operations. Remediation obligations can also result in significant costs associated with the investigation and remediation of contaminated properties. Compliance with environmental legislation and incident response can require significant expenditures. Activities that do not meet regulatory standards or that breach such legislation may result in the imposition of fines, penalties and suspension of operations. It is also possible that increasingly strict environmental and safety requirements could be implemented, which could result in substantial increases in the cost of compliance, including increased capital expenditures and operating expenses. There is also the risk of civil liability for environmental matters.

The Corporation also undertakes remediation projects that are identified through its liability management system as part of its ongoing efforts to manage its environmental risk. However, it is not possible for the Corporation to estimate the amount and timing of all future expenditures related to environmental matters due to various factors, including: (i) uncertainties in estimating pollution control and clean-up costs, including at sites where only preliminary site investigation or agreements have been completed; (ii) the potential discovery of new sites or additional information at existing sites; (iii) the uncertainty in quantifying liability under environmental laws that impose joint and several liability on all potentially responsible parties; (iv) the evolving nature of environmental laws and regulations, including the interpretation and enforcement thereof; and (v) the potential for litigation on existing or discontinued assets. Based on current operations and practices, the cost of complying with environmental regulations and the Corporation's exposure to civil liability for environmental matters have not had and are not expected to have a material adverse effect on its financial results; however, no assurance can be given that such costs will not adversely affect financial results in the future.

Ability to Obtain Sufficient Funding

The Corporation's ongoing activities may not generate sufficient cash flow from operating activities of the light crude oil refining, natural gas, NGL and crude oil midstream infrastructure business. The Corporation may require additional external financing and the amount of such financing may be significant. While there are various financing options available to the Corporation, including the sale of new equity or debt or joint ventures, sale of working interests or other alternatives, the Corporation's ability to arrange such financing in the future may depend in part upon the prevailing capital market conditions, as well as the Corporation's business performance. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing on terms satisfactory to the Corporation or at all. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit interests in certain properties, miss certain acquisition opportunities and reduce or terminate operations. This may have an adverse effect on its financial position. In addition, if the Corporation obtains additional financing by the issuance of shares from treasury, control of the Corporation may change and existing Shareholders may suffer additional dilution.

From time to time the Corporation may enter into transactions to acquire assets. Such transactions may be financed partially or wholly with debt, which may temporarily increase the Corporation's debt levels above industry standards.

Credit Risk

The Corporation takes on credit risk with respect to its fee-for-service business, the purchase and sale of commodities in its marketing business, as well as other financial contracts into which it enters. In particular, the Corporation is exposed to credit-related losses in the event that counterparties to contracts become insolvent or otherwise fail to fulfill their present or future financial obligations to the Corporation. The majority of the Corporation's accounts receivable are due from entities in the oil and gas business and are subject to normal industry credit risks. With respect to counterparties for financial instruments used for economic hedging purposes, the Corporation attempts to limit its credit risk by dealing with recognized futures exchanges, or investment grade financial institutions, or by adherence to credit policies that significantly reduce overall counterparty credit risk. Management believes these measures reduce the Corporation's overall credit risk; however, there can be no assurance that these processes will protect against all losses from non-performance.

The credit worthiness assessment of a counterparty considers the available qualitative and quantitative information about the counterparty including financial status and external credit ratings. Depending on the outcome of each assessment, the Corporation, in accordance with its credit policy, may: (i) set and adjust limits on exposure to its counterparties, (ii) request collateral/security (i.e. letters of credit, guarantees or other credit enhancements), where appropriate; (iii) require customers to prepay for products or services; and (iv) use contractual arrangements that permit the netting of exposures associated with a single counterparty as well as other remedies. While the Corporation takes active steps to monitor and manage its credit risk, it is possible that credit exposure to counterparties (or any one of them), may result in the Corporation suffering losses, in which case its operations and financial results may be adversely affected.

Interest Rates

The Corporation takes on interest rate risk in association with its debt financing. Amounts paid in respect of interest on debt reduce distributable cash flow available for dividends to Shareholders. Interest rates are influenced by Canadian and global economic conditions beyond the Corporation's control. Floating rate debt obligations expose the Corporation to changes in interest payments, which could have an adverse effect on the Corporation's financial results, as variations in interest rates could result in changes in the amount required to service debt.

Currency Risk

Currency risk arises on financial instruments that are denominated in a foreign currency. The Corporation's functional currency is the Canadian dollar. However, the Corporation may be exposed to foreign currency fluctuations with respect to capital projects, as some equipment and services may be sourced or priced in U.S. dollars. The Corporation's foreign currency risk largely arises from purchasing, handling and sale of natural gas, NGLs and crude oil where sales and purchases are sometimes denominated in or based on U.S. dollars. The Corporation has adopted a risk management policy in relation to its marketing activities, including the exposure to foreign exchange risk associated with these activities.

Force Majeure Events

The Corporation's operations, information systems and demand for its products and services 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 events, any of which may have a material adverse effect on Tidewater's reputation, business, financial conditions or operating results.

Cash Dividends Are Not Guaranteed

Dividends are not guaranteed and will fluctuate with the performance of the Corporation and its subsidiaries. The Board has the discretion to determine the amount of dividends to be declared and paid to Shareholders each quarter. In determining the level of dividends, the Board will take into consideration numerous factors, including current and expected future levels of earnings; cash flow from operating activities; income taxes; maintenance capital; growth capital expenditures; debt repayments; working capital requirements; current and potential future environmental liabilities; the impact of interest rates and/or foreign exchange rates; crude oil, natural gas, NGL and crude oil prices; and other factors. The Corporation's short and long term borrowings prohibit the Corporation from paying dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying the dividend (See "*Risk Factors – Financial Risks – Debt Matters*").

If external sources of capital, including borrowings and the issuance of additional Common Shares, become limited or unavailable on commercially reasonable terms, the Corporation's ability to sustain its dividends and make the necessary capital investments to maintain or expand its business may be impaired. The extent to which the Corporation is required to use cash flow from operating activities to finance capital expenditures or acquisitions may reduce the distributable cash flow available to declare and pay dividends to Shareholders. Dividends may be increased, reduced, suspended or eliminated entirely depending on the Corporation's operations and the performance of its assets and businesses.

Changes in Tax Legislation

Tax laws may be amended (its interpretation may change), retroactively or prospectively, resulting in tax consequences that materially differ from those contemplated by the Corporation across the jurisdictions in which the Corporation has operations or sales which may create a risk of non-compliance and re-assessment. While the Corporation believes that its tax filing positions are appropriate and supportable, it is possible that tax authorities may: (a) amend tax legislation (or its interpretation may change), or (b) successfully challenge the Corporation's interpretation of tax legislation which may affect the Corporation's estimate of current and future income taxes affecting the financial condition, prospects, and distributable cash flow available to pay dividends to the Corporation's Shareholders.

To help mitigate this risk, the Corporation retains knowledgeable, competent employees and consultants who are responsible for preparation of tax compliance filings, Canada Revenue Agency audits, quarterly provisions and tax forecasts to aid in predicting timing and the amount of cash taxability. In addition, the Corporation engages external tax counsel and accountants who assist with the review of its tax filings and tax provisions to help the Corporation to comply with applicable legislation.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On February 1, 2018, Bellatrix Exploration Ltd. ("**Bellatrix**") served an Amended Statement of Claim (Statement of Claim filed by Bellatrix on December 21, 2017) on Tidewater alleging a breach of a Gas Handling Agreement and CO&O Agreement pursuant to which Tidewater operates the BRC gas plant and processes Bellatrix gas volumes. The claim pertains to the allocation of NGLs at the plant, as well as production flow through and take-or-pay commitments. The claim is for $20.75 million plus additional damages. The action was commenced in the Court of Queen's Bench of Alberta. Tidewater subsequently filed a Statement of Defence and Counterclaim against Bellatrix seeking $9.5 million plus additional damages. The parties have each filed affidavits of record. On October 2, 2019, Bellatrix obtained an initial order from the Court of Queen's Bench of Alberta commencing proceedings under the *Companies' Creditors Arrangement Act* ("Alberta"). Pursuant to this initial order a stay of proceedings was granted.

On December 17, 2019, Pieridae Alberta Production Ltd. (“Pieridae”) served a statement of claim commenced in the Court of Queen's Bench of Alberta on Tidewater alleging that, among other things, Tidewater breached the terms of a Gas Handling Agreement ("GHA") by charging Pieridae approximately $18,000,000 for operating expense charges. Pieridae claims that it has no obligation to pay operating expenses to Tidewater under the GHA. Tidewater disputes Pieridae's claim and has counterclaimed that Pieridae owes Tidewater approximately $20,000,000 under the GHA, among other agreements. The parties have agreed to resolve the dispute by binding arbitration and Pieridae’s statement of claim against Tidewater was discontinued on February 21, 2020. The arbitration, which will deal with both Pieridae's claims and Tidewater's claims, is expected to be completed by the end of 2020. The matters raised by Pieridae are considered by Tidewater to be unfounded and unproven allegations that will be vigorously defended, although no assurance can be given with respect to the outcome of such proceedings. The Corporation believes it has valid defences to Pieridae’s claims and accordingly has not recorded any related liability. See also *“Risk Factors – Litigation”*.

Other than as described above, there are no legal proceedings that the Corporation is or was a party to, or that any of the Corporation's property is or was the subject of, since January 1, 2019, that were or are material to the Corporation, and there are no such material legal proceedings that the Corporation knows to be contemplated. For the purposes of the foregoing, a legal proceeding is not considered to be "material" by the Corporation if it involves a claim for damages and the amount involved, exclusive of interest and costs, does not exceed 10% of the Corporation'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 Corporation has included the amount involved in the other proceedings in computing the percentage. See "*Risk Factors*".

No penalties or sanctions material to Tidewater have been imposed by a court or regulatory body, nor has Tidewater entered into a settlement agreement in relation to any securities legislation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described elsewhere in this AIF, to the knowledge of Tidewater, there is no material interest, direct or indirect, of: (i) any director or executive officer of the Corporation; (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 above 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 Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is TSX Trust Company at its principal office in Calgary, Alberta located at 10^{th} floor, 300 – 5^{th} Avenue SW, T2P 3C4.

MATERIAL CONTRACTS

Other than as set out below, there are no material contracts entered into by Tidewater 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 purchase and sale agreement for Tidewater to acquire the PGR from Husky (see "*General Development of the Business – Three Year History*"); and

2. the Board Nomination Agreement between Tidewater and Birch Hill dated March 11, 2020 (see "*General Development of the Business – Three Year History*").

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 Corporation during, or related to, the Corporation's most recently completed financial year other than Deloitte LLP.

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

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.SEDAR.com.

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

Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2019, which are also available on SEDAR.

SCHEDULE A

AUDIT COMMITTEE CHARTER

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Tidewater Midstream and Infrastructure Ltd. (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board of Director approval, the audited financial reports and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiaries, are as follows:

(a) To assist directors to meet their responsibilities in respect of the preparation and disclosure of the financial reports of the Corporation and related matters;

(b) Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board;

(c) To ensure the external auditors' independence and review and appraise their performance;

(d) To increase the credibility and objectivity of financial reports; and

(e) To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Composition

The Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of which members will be independent (within the meaning of National Instrument 52-110 *Audit Committees* ("**NI 52-110**") unless the Board determines to rely on an exemption in NI 52-110. "Independent" generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of 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 Corporation's financial statements.

Unless otherwise appointed by the Committee Chair, the Secretary to the Board shall act as Secretary of the Committee.

A quorum shall be a majority of the members of the Committee.

Meetings

The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board, the Chief Financial Officer or such other officer acting in that capacity, and the external auditor.

The Chief Executive Officer and the Chief Financial Officer or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.

The Controller, Treasurer and/or such other staff as appropriate to provide information to the Committee shall attend meetings upon invitation by the Committee.

Mandate and Responsibilities

To fulfill its responsibilities and duties, the Committee shall:

(a) undertake annually a review of this mandate and make recommendations to the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee as to proposed changes;

(b) satisfy itself on behalf of the Board with respect to the Corporation's internal control systems, including, where applicable, relating to derivative instruments:

   (i) identifying, monitoring and mitigating business risks; and

   (ii) ensuring compliance with legal and regulatory requirements;

(c) review the Corporation's financial reports, management discussion and analysis (MD&A), any annual earnings, interim earnings and press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial reports), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors; the process should include but not be limited to:

   (i) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial reports;

   (ii) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;

   (iii) reviewing accounting treatment of unusual or non-recurring transactions;

   (iv) ascertaining compliance with covenants under loan agreements;

   (v) reviewing financial reporting relating to asset retirement obligations;

   (vi) reviewing disclosure requirements for commitments and contingencies;

   (vii) reviewing adjustments raised by the external auditors, whether or not included in the financial reports;

   (viii) reviewing unresolved differences between management and the external auditors;

   (ix) obtain explanations of significant variances with comparative reporting periods; and

   (x) determine through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed;

(d) review the financial reports and related information included in prospectuses, management discussion and analysis (MD&A), information circular-proxy statements and annual information forms (AIF), prior to Board approval;

(e) with respect to the appointment of external auditors by the Board:

(i) require the external auditors to report directly to the Committee;

(ii) review annually the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Corporation;

(iii) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation and confirming their independence from the Corporation;

(iv) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;

(v) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;

(vi) review management's recommendation for the appointment of external auditors and recommend to the Board appointment of external auditors and the compensation of the external auditors;

(vii) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;

(viii) 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;

(ix) take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors; and

(x) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial reports;

(f) review all public disclosure containing audited or unaudited financial information before release;

(g) review financial reporting relating to risk exposure;

(h) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial reports and periodically assess the adequacy of those procedures;

(i) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;

(j) review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial reports of the Corporation and its subsidiaries;

(k) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors and consider the impact on the independence of the auditors; The pre-approval requirement is waived with respect to the provision of non-audit services if:

(i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than 5% of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;

(ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and

(iii) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee;

provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee;

(l) review any other matters that the Audit Committee feels are important to its mandate or that the Board chooses to delegate to it;

(m) with respect to the financial reporting process:

(i) in consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external;

(ii) consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;

(iii) consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management;

(iv) review significant judgments made by management in the preparation of the financial reports and the view of the external auditors as to appropriateness of such judgments;

(v) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

(vi) review any significant disagreement among management and the external auditors regarding financial reporting;

(vii) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;

(viii) review the certification process;

(ix) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(x) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Authority

Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).

Supporting schedules and information reviewed by the Committee shall be available for examination by any director.

The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.

The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.