

A copy of this preliminary base PREP prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary base PREP prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the base PREP prospectus is obtained from the securities regulatory authorities.

This prospectus has been filed under procedures in each of the provinces of Canada that permit certain information about these securities to be determined after the prospectus has become final and that permit the omission of that information from this prospectus. The procedures require the delivery to purchasers of a supplemented PREP prospectus containing the omitted information within a specified period of time after agreeing to purchase any of these securities. All of the information contained in the supplemented PREP prospectus that is not contained in the base PREP prospectus will be incorporated by reference into the base PREP prospectus as of the date of the supplemented PREP prospectus.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, these securities may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or except pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws and in accordance with the Underwriting Agreement (as defined herein). This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.

PRELIMINARY BASE PREP PROSPECTUS

Initial Public Offering

July 21, 2021



\$•

• **Common Shares**

Tidewater Renewables Ltd. (“**Tidewater Renewables**” or the “**Company**”) has been formed to become a multi-faceted, energy transition company. The Company intends to focus on the production of low carbon fuels, including renewable diesel, renewable hydrogen and renewable natural gas, as well as carbon capture through future initiatives. The Company was created in response to the growing demand for renewable fuels in North America and to capitalize on its potential to efficiently turn a wide variety of renewable feedstocks (such as tallow, used cooking oil, distillers corn oil, soybean oil, canola oil and other biomasses) into low carbon fuels. Tidewater Renewables’ objective is to become one of the leading Canadian renewable fuel producers. The Company intends to pursue this objective through the ownership, development, and operation of clean fuels projects and related infrastructure utilizing existing proven technologies. Tidewater Renewables intends to supply low carbon fuels to investment grade offtakers, existing customers, government entities, First Nations groups and others in the transportation, utilities, refining, marketing, power and other industries. See “*Business of the Company*”.

Tidewater Renewables intends to pursue a growth strategy focused on building out its three proposed operating business units: (i) renewable diesel, (ii) renewable hydrogen, and (iii) renewable natural gas, with carbon capture used as appropriate across the business units. The Company intends to focus on expanding its renewables asset portfolio and maximizing its logistics reach throughout North America. Organically, Tidewater Renewables will seek to leverage the existing infrastructure and engineering expertise of Tidewater Midstream and Infrastructure Ltd. (“**Tidewater Midstream**”) regarding

the development of the Company's portfolio of greenfield and brownfield capital projects as well as the expansion of the Company's product offerings. See "*Business of the Company*" and "*Acquired Assets*".

This prospectus qualifies the distribution to the public of an aggregate of ● common shares (the "**Offered Shares**") of Tidewater Renewables at a price of \$● per common share (the "**Offering Price**") for aggregate gross proceeds to the Company of \$● (the "**Offering**"). The entire net proceeds of the Offering (approximately \$●) will be applied towards a portion of the cash component of the purchase price for the Acquired Assets. See "*Use of Proceeds*" and "*Formation of the Company — The Acquisition*".

It is anticipated that the Offering Price will be between \$● and \$● per Offered Share. Based on the estimated price range, between ● and ● Common Shares will be offered pursuant to the Offering. If the Over-Allotment Option (as defined below) is exercised in full, based on the estimated price range, between an additional ● and ● Common Shares will be sold by the Company. See "*Plan of Distribution*".

Upon Closing (as defined below) and completion of the Acquisition (as defined herein), Tidewater Midstream will own ●% of the outstanding Common Shares (●% if the Over-Allotment Option is exercised in full). Tidewater Midstream has certain contractual rights relating to, among other things, the nomination of directors, consenting to certain transactions by the Company and participation in future securities offerings by the Company. See "*Agreements with Tidewater Midstream and Other Counterparties*", "*Plan of Distribution*", "*Principal Shareholders*" and "*Risk Factors — Risks Relating to the Company's Relationship with Tidewater Midstream*".

On or before Closing, Tidewater Renewables will enter into a shared services agreement (the "**Shared Services Agreement**") with Tidewater Midstream. Under the Shared Services Agreement, Tidewater Midstream will provide certain administrative and management services to Tidewater Renewables, including day-to-day management services and general administrative services required by Tidewater Renewables along with such operational and maintenance services as may be required or advisable for the operation of Tidewater Renewables' assets. The individuals providing such services to Tidewater Renewables pursuant to the Shared Services Agreement will remain employees of Tidewater Midstream and will be those individuals presently performing those services for Tidewater Midstream. See "*Agreements with Tidewater Midstream — Shared Services Agreement*" and "*Risk Factors — Risks Relating to the Company's Relationship with Tidewater Midstream*".

The Offering is being underwritten by CIBC World Markets Inc. ("**CIBC**") and National Bank Financial Inc. ("**NBF**") (together, the "**Lead Underwriters**"), ATB Capital Markets Inc., RBC Dominion Securities Inc., Acumen Capital Finance Partners Limited, Canaccord Genuity Corp., Scotia Capital Inc., Stifel Nicolaus Canada Inc., Tudor, Pickering, Holt & Co. Securities – Canada, ULC, Echelon Wealth Partners Inc., INFOR Financial Inc., and Paradigm Capital Inc. (collectively with the Lead Underwriters, the "**Underwriters**"). See "*Plan of Distribution*".

Price: \$● per Offered Share

	Price to the Public ⁽¹⁾	Underwriters' Commissions	Net Proceeds to the Company ⁽²⁾	Net Proceeds to Tidewater Midstream ⁽³⁾
Per Common Share.....	\$●	\$● per Offered Share	\$● per Offered Share	\$● per Offered Share
Total Offering ⁽⁴⁾⁽⁵⁾	\$●	\$●	\$●	\$●

Notes:

- (1) The Offering Price has been determined by negotiations between the Company, Tidewater Midstream and the Underwriters.
- (2) After deducting the Underwriters' Commissions payable by the Company but before deducting the expenses of the Offering. The expenses of the Offering are estimated to be approximately \$● million and will be paid by the Company out of the proceeds of the Offering.
- (3) See "*Use of Proceeds*" and "*Principal Shareholders and Details of the Transaction*".
- (4) Assumes no exercise of the Over-Allotment Option.
- (5) The Company has agreed to grant to the Underwriters an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days (the "**Over-Allotment Option**") from the closing of the Offering (the "**Closing**"), to purchase up to an additional ● Shares (the "**Over-Allotment Shares**"), representing 15% of the aggregate number of Common Shares sold under the Offering. The Over-Allotment Shares will be sold on the same terms as set out above solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "*Price to the Public*", "*Underwriters' Commissions*" and "*Net Proceeds to the Company*" will be approximately \$● million, \$●

million and \$● million, respectively. This prospectus qualifies the distribution of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

The following table sets out the number of Common Shares that may be issued to the Underwriters pursuant to the exercise of the Over-Allotment Option.

Underwriters' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price (\$)
Over-Allotment Option.....	● Common Shares	Up to 30 days following Closing	● per Common Share

Unless otherwise indicated, all information in this prospectus assumes that the Over-Allotment Option will not be exercised.

The Company will apply to have the Common Shares listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "LCFS". Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the Company's listing application and there is no assurance that the TSX will approve the listing application. Closing is conditional upon the Common Shares being approved for listing on the TSX. See "*Plan of Distribution*".

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize, maintain or otherwise affect the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. **The Underwriters may offer the Common Shares at a price lower than that stated above. Any such reduction in price will not affect the proceeds received by the Company or Tidewater Midstream. See "*Plan of Distribution*".**

The Underwriters, as principals, conditionally offer the Common Shares offered under this prospectus, subject to prior sale, if, as and when sold and delivered by the Company, in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of Tidewater Midstream and the Company by DLA Piper (Canada) LLP and on behalf of the Underwriters by Burnet, Duckworth & Palmer LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that Closing will occur on or about ●, 2021 or such later date as Tidewater Midstream, the Company and the Lead Underwriters may agree, but in any event not later than ●, 2021. The Common Shares offered under this prospectus are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the final prospectus.

Except in certain limited circumstances, no certificates representing Common Shares will be issued to purchasers in the Offering. Instead, on the date of Closing, the purchasers of Common Shares will have their securities registered in the name of CDS Clearing and Depository Services Inc. or its nominee ("**CDS**") and electronically deposited with CDS. Purchasers of Common Shares will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Common Shares is acquired.

There is currently no market through which the Common Shares may be sold, and purchasers may not be able to resell Common Shares purchased under this prospectus. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. An investment in the Common Shares is speculative and is subject to a number of risks that should be considered by a prospective investor. The Company's business is subject to certain risks normally encountered in the energy industry and the risks associated with owning and operating renewable energy production and storage infrastructure assets in particular. See "*Risk Factors*".

The recovery by shareholders of their initial investment is at risk, and the anticipated return on that investment is based on many performance assumptions. The Company does not currently anticipate paying any cash dividends on its securities, including the Common Shares, in the near future. It may pay cash dividends in the future if and when operational circumstances permit. The actual amount of cash distributed to shareholders, if any, will depend on numerous factors including: (i) the earnings of the Company; (ii) financial requirements for the Company's operations; (iii) the satisfaction by the Company of liquidity and solvency tests in the ABCA (as defined herein); and (iv) any agreements relating to the

Company's indebtedness that restrict the declaration and payment of dividends. The payment of dividends is not guaranteed and the amount and timing of any dividends payable is at the discretion of the Board. See "*Dividend Policy*" and "*Risk Factors — Risks Relating to the Offering and Common Shares — Dividends*".

It is important for purchasers of Common Shares to consider the particular risk factors that may affect the industry in which they are investing. See, for example, "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating Environment*".

CIBC, NBF and RBC Dominion Securities Inc. are direct or indirect wholly-owned subsidiaries of certain Canadian chartered banks which are (i) lenders to Tidewater Midstream and to which Tidewater Midstream is presently indebted, and (ii) proposed lenders to Tidewater Renewables under the Credit Facility. Additionally, ATB Capital Markets Inc. is a majority-owned subsidiary of ATB Financial. ATB Financial is a provincially regulated financial institution and is also a (i) lender to Tidewater Midstream and to which Tidewater Midstream is presently indebted, and (ii) a proposed lender to Tidewater Renewables under the Credit Facility. Consequently, the Company may be considered to be a connected issuer of CIBC, NBF, RBC Dominion Securities Inc. and ATB Capital Markets Inc. under applicable Canadian securities laws. The net proceeds of the Offering will be paid by the Company to Tidewater Midstream and used to repay a portion of Tidewater Midstream's outstanding indebtedness to such lenders. See "*Relationships Among the Company, Tidewater Midstream and Certain Underwriters*", "*Use of Proceeds*" and "*Capitalization*".

Tidewater Renewables is incorporated under the ABCA and the head office of the Company is located at Suite 900, 222 3rd Avenue SW, Calgary, Alberta, T2P 0B4 and the registered office of the Company is located at Suite 1000, 250 2nd Street SW, Calgary, Alberta, T2P 0C1.

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NOTICE TO INVESTORS

About this Prospectus

A prospective investor should read this entire prospectus and consult the prospective investor's own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in the Common Shares.

A prospective investor should rely only on the information contained in this prospectus and should not rely on some parts of this prospectus to the exclusion of others. None of, the Company, Tidewater Midstream or any of the Underwriters has authorized anyone to provide investors with additional or different information.

None of Tidewater Midstream, the Company or any of the Underwriters is offering to sell the Common Shares in any jurisdiction where an offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the Common Shares. The Company's business, financial condition, results of operations and prospects may have changed since the date of this prospectus.

For investors outside of Canada, none of Tidewater Midstream, the Company or any of the Underwriters has done anything that would permit the Offering, possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the distribution of this prospectus.

Prospective investors are urged to carefully read the information under the headings "*Notice to Investors*" and "*Risk Factors*" in this prospectus.

Interpretation

Unless otherwise indicated or the context otherwise requires, references in this prospectus to (i) the "Company" or "Tidewater Renewables" refer to Tidewater Renewables Ltd.; and (ii) "Tidewater Midstream" refers to Tidewater Midstream and Infrastructure Ltd. and its subsidiaries, in each case as constituted upon Closing and after completion of the Acquisition. See "*Formation of the Company — The Acquisition*".

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

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

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

Unless otherwise indicated or the context otherwise requires, information contained in this prospectus assumes that the Over-Allotment Option has not been exercised.

This prospectus includes a summary description of certain material agreements of the Company. See "*Material Contracts*". The summary description discloses attributes that the Company considers material to an investor in the Common Shares but is not complete and is qualified in its entirety by reference to the terms of the material agreements, which will be filed with the applicable Canadian securities regulatory authorities and available on SEDAR. Investors are encouraged to read the full text of such material agreements.

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

Certain words and phrases used in this prospectus are defined in the “*Glossary*”, which begins on page 25 of this prospectus.

Use of Industry Specific Terminology

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

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

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

At the forefront of the growing renewables industry is clean hydrogen. Clean hydrogen is hydrogen produced from zero or low emission sources. Hydrogen is the lightest element and has the highest energy density per unit mass. In its pure form, hydrogen can be used as an energy source or a raw material. When hydrogen is combined with different inputs, it becomes a hydrogen-based fuel or feedstock. Hydrogen-based fuels can be created through inputs such as biomass, fossil fuels, or electricity. Hydrogen-based fuels can be used to fuel engines, turbines, or facilitate storage. Examples of hydrogen-based fuels are synthetic-methane, synthetic fuels, methanol, and ammonia.

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

See “*Glossary*” and “*Industry*”.

Forward-Looking Statements

This prospectus contains forward-looking statements and forward-looking information (collectively, “**forward-looking statements**”) that relate to the Company’s current expectations and views of future events. The forward-looking statements are contained principally in the sections of this prospectus entitled “*Prospectus Summary*”, “*Business of the Company*”, “*Use of Proceeds*”, “*Run Rate EBITDA and Capital Expenditures Outlook for the Acquired Assets, Co-Processing Projects and Renewable Diesel & Renewable Hydrogen Complex*”, “*Management’s Discussion and Analysis*” and “*Risk Factors*”. These

forward-looking statements relate to future events or the Company's future performance. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection", "strategy", "objective" and "outlook") are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this prospectus should not be unduly relied upon. These statements speak only as of the date of this prospectus. In addition, this prospectus may contain forward-looking statements attributed to third-party industry sources. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the information and factors discussed throughout this prospectus.

In particular and without limitation, this prospectus contains forward-looking statements pertaining to the following:

- the anticipated Offering Price, size of the Offering and use of proceeds of the Offering not being specified with certainty;
- the execution of ancillary agreements made in connection with the Offering by the Tidewater Midstream and other parties;
- the expected financial performance of the Company's proposed capital projects and assets following the commencement of operations and the closing, as applicable, including corresponding Run Rate EBITDA and underlying assumptions;
- estimates of EBITDA and Run Rate EBITDA;
- the Company's belief that, through a combination of BC LCFS Credits (\$103 million), the Credit Facility and other sources as appropriate, the Company will be able to fund the Renewable Diesel & Renewable Hydrogen Complex (estimated total cost of \$215–235 million);
- the Company's business plans and strategies, including, but not limited to, the acquisition of the Acquired Assets, including and the underlying existing assets and capital projects;
- the Company's financial performance, including expectations regarding revenues and operating expenses;
- changes in governmental programs, policymaking and requirements or encouraged use of biofuels, including renewable fuel policies in Canada and the United States and Europe, and state level programs, such as British Columbia's BC LCFS and Canada's CFS;
- the future pricing of BC LCFS Credits and CFS Credits;
- the availability, future price and volatility of feedstocks and other inputs;
- the future price and volatility of petroleum;
- the Company's objective of generating free cash flow growth at a relatively low-risk and low cost to the Company, and the proposed manner of achieving this objective;

- the estimated amount of cash flow of the Company (including the components thereof and potential future increases in the amount of cash flow) and the related anticipated payout ratio of the Company;
- the long-term impact of COVID-19 on the Company's business, financial position, results of operations and/or cash flows;
- the Company's business and growth strategy and anticipated sources of future income including as described under "*Business of the Company — Investment Highlights*" and "*Business of the Company — Growth Strategy*" and the possibility that the Board may vary that strategy in the future;
- the expectation that the Company will be able to grow its revenue, actively maintain and manage its Acquired Assets and achieve external growth by selectively pursuing strategic business development opportunities;
- the amount and timing of anticipated payments of revenue to be received from Tidewater Midstream and other counterparties in respect of the Acquired Assets and that revenues from the Acquired Assets will provide a significant portion of the Company's revenue;
- the performance and creditworthiness of the Company's counterparties;
- the anticipated operating costs, capital costs, environmental liabilities and reclamation obligations associated with owning and operating renewable energy production and infrastructure assets to be incurred by the Company;
- utilization rates and throughputs of the Acquired Assets;
- operational matters, including potential hazards inherent in the Company's operations and the effectiveness of third-party health, safety, environmental and integrity programs;
- decommissioning, abandonment and reclamation costs;
- anticipated future crude oil, natural gas and NGL prices and currency, exchange and interest rates;
- supply and demand for petroleum and natural gas;
- the tax horizon and taxability of the Company;
- treatment under governmental regulatory regimes, environmental legislation and tax laws;
- the amount expected to be drawn by the Company under the Credit Facility immediately after Closing and completion of the Acquisition; and
- expected future director and Management compensation levels, including grants or awards to be made pursuant to the Company's long-term incentive plans.

With respect to forward-looking statements contained in this prospectus, assumptions have been made regarding, among other things:

- the ability of the Company to execute its business plans and strategies, including, but not limited to, completion of its capital projects on time and on budget;

- the continuation of governmental programs regarding renewable fuels, such as the BC LCFS and the CFS;
- the future pricing of BC LCFS Credits;
- the availability, future price and volatility of feedstocks and other inputs;
- the future price of future crude oil, natural gas and NGL prices;
- Tidewater Midstream's level of ownership of Common Shares following Closing and completion of the Acquisition;
- the ability of the operators of the Acquired Assets to operate in a safe, efficient and effective manner;
- the timely receipt of any required regulatory approvals by the operators of the Acquired Assets;
- the timing, cost and ability of third parties to access, maintain or expand necessary facilities and/or secure adequate product transportation and storage;
- the level of costs and expenses to be incurred by the Company, including with respect to interest, general and administrative expenses and income tax expenses;
- the ability of the Company to obtain and retain qualified staff, equipment and services in a timely and cost efficient manner;
- the absence of any material litigation or claims against the Company;
- the general stability of the economic and political environment and the regulatory framework regarding taxes and environmental matters in the jurisdictions in which the Company has an interest in renewable energy production and storage infrastructure assets; and
- currency, exchange and interest rates.

The information in this prospectus, including the Company's actual results, could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth below and included elsewhere in this prospectus:

- the Company's limited operating history and track record;
- the Company's projects may not generate expected levels of output, including those resulting from a reduced feedstock supply;
- the ownership and operation of Tidewater Renewables' business;
- regulatory risks, including changes to the BC LCFS and delay of the CFS;
- the expansion of production of renewable fuels by competitors;
- the future pricing of BC LCFS Credits;

- future price and volatility of feedstocks and other inputs;
- volatility in the demand, supply and market prices for crude oil, natural gas and NGL;
- risks of health epidemics, pandemics and similar outbreaks, including COVID-19, which may have sustained material adverse effects on the Company's business, financial position, results of operations and/or cash flows;
- liabilities inherent in the operations related to renewable energy production and storage infrastructure assets;
- competition for, among other things, third-party capital and acquisitions of additional assets;
- risks related to the environment and changing environmental laws in relation to the operations conducted with the Acquired Assets;
- geological, technical, drilling, processing and handling issues associated with renewable energy production and storage development activities by third parties;
- risks arising from co-ownership of facilities including reliance on third-party operators;
- changes in the performance or creditworthiness of counterparties;
- risks and liabilities associated with the processing and handling of dangerous goods;
- climate change risks, including the effects of unusual weather and natural catastrophes;
- regulatory and market compliance and other costs associated with climate change;
- reputational risks;
- technology and security risks, including cybersecurity;
- First Nations and landowner consultation requirements;
- disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which the Company is reliant;
- technical and processing problems, including the availability of equipment and access to properties;
- claims made or legal actions brought or realized against the Company or its properties or assets;
- a failure by the Company to hire or retain key personnel;
- general economic, market and business conditions;
- changes in tax or environmental laws or credit or incentive programs relating to the renewable oil and natural gas industry; and
- the other factors discussed under "*Risk Factors*".

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

To the extent any forward-looking statement in this prospectus constitutes “future-oriented financial information” or “financial outlooks” within the meaning of applicable Canadian Securities Laws, such information is being provided to demonstrate the anticipated Run Rate EBITDA of certain of the Acquired Assets and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking statements generally, are, without limitation, based on the assumptions and subject to the risks set out above. The Company’s actual financial position and results of operations may differ materially from Management’s current expectations and, as a result, the Company’s revenue and expenses may differ materially from the revenue and expenses profiles provided in this prospectus. Such information is presented for illustrative purposes only and may not be an indication of the Company’s actual financial position or results of operations.

Further, any forward-looking statement is made only as of the date of this prospectus, and none of Tidewater Midstream, the Company or the Underwriters undertake any obligation to update or revise any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by Canadian Securities Laws. New factors emerge from time to time, and it is not possible for the Company and/or Tidewater Midstream to predict all of these factors or to assess in advance the impact of each such factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

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

COVID-19

In December 2019, COVID-19 surfaced in Wuhan, China and has since spread to over 200 countries and territories and infections have been reported around the world. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and subsequently characterized it as a pandemic on March 11, 2020. In response to the pandemic, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the spread of the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. COVID-19 and the response of governmental authorities to try to limit the impacts of COVID-19 are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions.

Due to the uncertainty surrounding the magnitude, duration and potential outcomes of COVID-19, the Company is unable to predict at this time the long-term impact of COVID-19 on its operations, liquidity, financial condition and results, but the impact may be material. See “*Risk Factors*”.

Marketing Materials

The “template version” of any “marketing materials” (as such terms are defined in NI 41-101) utilized by the Underwriters in connection with the Offering to be incorporated by reference into the final prospectus is not part of the final prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in the final prospectus. The template version of any marketing materials filed on SEDAR after the date of the final prospectus and before the termination

of the distribution pursuant to the Offering (including any amendments to, or an amended version of, the template version of the marketing materials) will be deemed to be incorporated by reference into the final prospectus.

Financial Statements

The Company's financial statements included in Appendix "A" to this prospectus have been prepared in accordance with IFRS.

Non-GAAP Financial Measures

In addition to using financial measures prescribed by IFRS, references are made in this prospectus or the documents incorporated by reference herein to "EBITDA" and "Run Rate EBITDA" which are measures that do not have any standardized meaning as prescribed by IFRS. Accordingly, the Company's use of such terms may not be comparable to similarly defined measures presented by other entities.

Management uses these terms for its own performance measures and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund a portion of its future growth expenditures or to repay debt. Accordingly, investors are cautioned that the non-GAAP financial measures may not be comparable to similarly defined measures presented by other entities and should not be considered in isolation nor as an alternative to net income (loss) or other financial information determined in accordance with GAAP as an indication of the Company's performance.

"**EBITDA**" is defined as net income before finance costs, taxes and depreciation.

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

See "*Caution Regarding Forward-Looking Information*" and "*Risk Factors*".

Market, Independent Third-Party and Industry Data

Certain market, independent third-party and industry data contained in this prospectus is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but none of the Company, Tidewater Midstream or any of the Underwriters has conducted its own independent verification of such information. This prospectus also includes certain data, including production and other operational results, derived from public filings made by independent third parties. While the Company and Tidewater Midstream believe this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. None of the Company, Tidewater Midstream or any of the Underwriters have independently verified any of the data from independent third-party sources referred to in this prospectus or ascertained the underlying assumptions relied upon by such sources.

Information Regarding Public Issuer Counterparties

Certain information contained in this prospectus relating to the Company's public issuer counterparties and the nature of their respective businesses is taken from and based solely upon information published by such issuers. None of the Company, Tidewater Midstream (to the extent such information does not pertain to Tidewater Midstream) or the Underwriters have independently verified the accuracy or completeness of any such information.

Processing Capacity Volume Figures

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

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Company and the Offering and should be read together with the more detailed information and financial data and statements appearing elsewhere in this prospectus. Reference is made to the “Glossary” for the meaning of certain defined terms and abbreviations.

BUSINESS OF THE COMPANY

Company Overview

Tidewater Renewables has been formed to become a multi-faceted, energy transition company. The Company intends to focus on the production of low carbon fuels, including renewable diesel, renewable hydrogen and renewable natural gas, as well as carbon capture through future initiatives. The Company was created in response to the growing demand for renewable fuels in North America and to capitalize on its potential to efficiently turn a wide variety of renewable feedstocks (such as tallow, used cooking oil, distillers corn oil, soybean oil, canola oil and other biomasses) into low carbon fuels.

Tidewater Renewables’ objective is to become one of the leading Canadian renewable fuel producers. The Company intends to pursue this objective through the ownership, development, and operation of clean fuels projects and related infrastructure utilizing existing proven technologies. Tidewater Renewables intends to supply low carbon fuels to investment grade offtakers, existing customers, government entities, First Nations groups and others in the transportation, utilities, refining, marketing, power and other industries. See “*Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Counterparty Credit Risk*”, “*Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Dependence on the Operations of Counterparties and Contractual Arrangements*” and “*Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Reliance on Counterparty Activity*”.

Tidewater Renewables intends to pursue a growth strategy focused on building out its three proposed operating business units: (i) renewable diesel, (ii) renewable hydrogen, and (iii) renewable natural gas, with carbon capture used as appropriate across the business units. The Company intends to focus on expanding its renewables asset portfolio and maximizing its logistics reach throughout North America. Organically, Tidewater Renewables will seek to leverage the existing infrastructure and engineering expertise of Tidewater Midstream regarding the development of the Company’s portfolio of greenfield and brownfield capital projects as well as the expansion of the Company’s product offerings. See “*Risk Factors — Renewable Energy Risks*” and “*Risk Factors — New Project and Growth Risks*”.

In order to create the fully functioning standalone business of Tidewater Renewables, pursuant to the Acquisition, Tidewater Renewables will acquire certain pre-existing operating assets from Tidewater Midstream that will provide an initial platform for the renewable diesel, renewable hydrogen, and renewable natural gas business units. These Acquired Assets include existing logistics (loading, unloading and rail assets for feedstock coming in and renewable fuels going out at PGR), processing activities (existing processing capacity and hydrogen production required for the co-processing projects at PGR), storage (tankage for storage and blending for renewable diesel at PGR and storage reservoirs for renewable natural gas located at BRC), and utilities that will facilitate the operation of the renewable fuels growth projects as they come on line. See “*Acquired Assets*”.

The initial growth projects are for the production of renewable diesel at PGR, via: (i) the Canola Co-Processing Project (canola-based) and the FCC Co-Processing Project (wood-based biocrude) that Management expects to come online in Q4 2021 and during the next scheduled turnaround at PGR in Q2 2023, respectively, and (ii) the Renewable Diesel & Renewable Hydrogen Complex that Management expects to be online in Q1 2023.

Management believes that the strategic locations of Tidewater Renewables' planned production assets and anticipated logistics capabilities provide it with the opportunity to maximize revenue by creating high-value products and selling them in regulatory incentivized markets. The Company expects renewable diesel demand to increase as environmental regulations tighten each year and new regulations and systems are put into place.

The majority of Tidewater Renewables assets, including 100% of the planned renewable diesel production assets, are located in British Columbia and in relatively close proximity to California, Oregon and Washington, which are current jurisdictions in Canada and the U.S. that have LCFS legislation in place.

The existing Acquired Assets will initially operate primarily under long-term take-or-pay contracts exclusively with Tidewater Midstream. Management expects the Acquired Assets to generate approximately \$40 million of Run Rate EBITDA in total with a majority of such Run Rate EBITDA derived from take-or-pay contracts and from select other non take-or-pay activities. Management expects the take-or-pay contracts will have a weighted average of ten to 15 years. Tidewater Renewables intends to grow the revenue and EBITDA from the existing Acquired Assets from the inception of the Company. See "*Run Rate EBITDA and Capital Expenditures Outlook for the Acquired Assets, Co-Processing Projects and Renewable Diesel & Renewable Hydrogen Complex*", "*Notice to Investors — Non-GAAP Financial Measures*" and "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating Environment*".

In addition to the existing Acquired Assets, and upon completion of the Offering, Management expects the growth projects to generate incremental earnings as they come online between 2021 and 2023. Management anticipates the largest current growth project, the Renewable Diesel & Renewable Hydrogen Complex, to generate approximately \$90–95 million of EBITDA in 2023 on a full year run rate basis, based on certain assumptions for input costs, operating costs and end product revenues. Management expects the Canola Co-Processing Project to come online in Q4 2021 to generate approximately \$5 million of EBITDA in 2022 on a full year run rate basis, based on certain assumptions for input costs, operating costs and end product revenues. Management expects the FCC Co-Processing Project to come online in 2023 to generate approximately \$6 million of EBITDA in 2023 on a full year run rate basis, based on certain assumptions for input costs, operating costs and end product revenues. See "*Run Rate EBITDA and Capital Expenditures Outlook for the Acquired Assets, Co-Processing Projects and Renewable Diesel & Renewable Hydrogen Complex*", "*Notice to Investors — Non-GAAP Financial Measures*", "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating Environment*".

The Company is also progressing other projects in the renewable natural gas and renewable hydrogen business that it expects to move forward as appropriate and subject to funding. The Company is not providing run rate EBITDA amounts for such projects at this time.

The British Columbia government is providing 284,884 BC LCFS Credits for the construction of the Renewable Diesel & Renewable Hydrogen Complex and the FCC Co-Processing Project, which management expects will provide approximate \$110 million of anticipated value based on a BC LCFS credit price of \$375 (or approximately a 9% discount to the 2021 YTD average of \$410 per credit). These credits are released based on certain capital and construction milestones, where the Company would then look to monetize the credits and recover the related capital costs. The combination of sales of these BC LCFS Credits, the proceeds available under the Credit Facility, the anticipated cash generated by the business, and other financing sources as appropriate is anticipated to provide the required funding to execute the build of the Renewable Diesel and Renewable Hydrogen Complex as well as the FCC Co-Processing Project. See "*Credit Facility*", "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating Environment — Run Rate EBITDA Outlook*", "*Risk Factors — Renewable Energy Risks — Development and Operation of Individual Renewable Energy Projects (Including Cost Overruns)*", "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating Environment — Price of BC LCFS Credits*", and "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating*

Environment — Capital Required for Business Objectives and Milestones, Including Renewable Diesel & Renewable Hydrogen Complex".

Complementary to the Acquired Assets, Tidewater Renewables intends to pursue an acquisition strategy that will identify and target energy transition and logistics assets located in North America, which are both complementary to its existing business as well as in complimentary businesses, such as feedstock and logistics networks. The Company's acquisition strategy is expected to target assets that could be enhanced through in-house expertise and will focus on vertically integrating the Company's renewable fuels business units.

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

SUMMARY OF CAPITAL PROJECTS AND PRODUCTS

The Company expects to use the net proceeds of the Offering to fund a portion of the \$180 million cash component of the purchase price for the Acquired Assets. See "*Formation of the Company — The Acquisition*" and "*Use of Proceeds*".

The Company expects to rely on a combination of (i) undrawn amounts under the Credit Facility, (ii) cash flow generated by the sale of BC LCFS Credits which Tidewater Renewables expects to earn upon satisfaction of certain construction milestones related to both the FCC Co-Processing Project and the Renewable Diesel & Renewable Hydrogen Complex (which BC LCFS Credits are also earned upon operation of such projects and sales of renewable fuels pursuant thereto), (iii) cash flow generated by the Acquired Assets and by its various capital projects as they come online, and (iv) and other potential sources of financing as appropriate, for working capital, to fund the development of the capital projects and for general corporate purposes. Upon Closing of the Offering and completion of the Acquisition, the Company expects to complete the Renewable Diesel & Renewable Hydrogen Complex, the FCC Co-Processing Project and Canola Co-Processing Project (the Canola Co-Processing Project does not require additional capital) using the sources described in this paragraph. If the aggregate gross proceeds of the Offering are greater than \$125 million then, depending on the amount of such proceeds, the Company will evaluate and prioritize its other growth projects (the RNG Anaerobic Digester Project and Gasifier Project) using the surplus sources of funds described in this paragraph. See "*Business of the Company — Business Objectives and Milestones*" and "*Use of Proceeds*".

The following Run Rate EBITDA and capital expenditures outlook was prepared by Management using assumptions with an effective date as of the date hereof. **There can be no assurance that the assumptions reflected in the Run Rate EBITDA and the capital expenditures outlook will prove to be accurate. Actual results may vary from the amounts disclosed and those variations may be material. Presentation of Run Rate EBITDA excludes certain expense items, such as the impact of non-cash compensation, and such presentation is not intended to be a substitute for historical IFRS measures of operating performance or liquidity. The Run Rate EBITDA and capital expenditures outlook is subject to material risks, uncertainties and contingencies. Important factors that could cause actual results to vary materially from those disclosed include those set out under "*Risk Factors*", "*Forward-looking Statements*" and "*Run Rate EBITDA and Capital Expenditures Outlook*".**

for the Acquired Assets, Co-Processing Projects and Renewable Diesel & Renewable Hydrogen Complex”.

	Project Name	Term	Nameplate Capacity	Gross Capex (\$MM)	Net Capex (\$MM)	Run Rate EBITDA (\$MM)	CI Reduction ⁹	ISD	Feedstock	Primary End Product
Growth Projects	Canola Co-Processing (Attached to PGR, BC) ¹	Near-term	300 bbl/d	\$10	\$nil ²	\$5 ³	80-90%	Q4 2021	Canola	Renewable Diesel
	FCC Co-Processing (Attached to PGR, BC) ¹	Medium-term	300 bbl/d	\$10	\$7 ⁴	\$6 ⁵	80-90%	Q2 2023	Wood Waste	Renewable Diesel
	Renewable Diesel & Renewable Hydrogen Complex ^{1,8} (Co-located at PGR, BC)	Medium-term	3,000 bbl/d RD 10 MMcf/d H2 (or 23.7 MT/d)	\$225 (mid-point)	~\$122 ⁶	\$90-\$95 ⁷	RD: 80-90% H2: 65-75%	Q1 2023	UCO, DCO, Tallow, Canola, & Soybean	Renewable Diesel; Renewable Hydrogen
Other Growth Projects	Anaerobic Digester (Alberta)	Medium to Long-term	200 GJ/d	\$10	\$10	To be confirmed	>100%	To be confirmed	Various Feedstocks Including Manure	Renewable Natural Gas
	Gasifier (Alberta)	Medium to Long-term	4,000 GJ/d	\$60	\$60	To be confirmed	>100%	To be confirmed	Wood Waste	Renewable Natural Gas

Notes:

- (1) BC Part 3 Agreement entered into between Tidewater Midstream and the director under the BC LCFS. The Company anticipates that the HDRD and FCC Co-Processing Project Part 3 Agreements will be assigned to Tidewater Renewables prior to completion of the Acquisition.
- (2) Canola Co-Processing Project capital expenditures have been fully funded by the Government of British Columbia pursuant to the Canola Co-Processing Part 3 Agreement, which agreement provides for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain Canola Co-Processing Project milestones, which Tidewater Midstream is able to sell.
- (3) In its first full year of operations following start-up in 2021, the 300 bbl/d Canola Co-Processing Project is expected to average 95% utilization. For illustrative project purposes, Tidewater Renewables has utilized recent market information for renewable diesel offered for sale in British Columbia with average price of approximately US\$7.40 per gallon or C\$380 per barrel. Applying a conservative 25% market discount yields approximately \$285 per barrel of combined revenues. Using forward prices for renewable diesel feedstock and expected operating costs of approximately \$240 per barrel, the project is expected to average an EBITDA of approximately \$45 per barrel of output. See “Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Canola Co-Processing Project”.
- (4) FCC Co-Processing Project capital expenditures are shown net of approximately \$3.4 million in funding from the Government of British Columbia pursuant to the FCC Co-Processing Project Part 3 Agreement that, upon assignment to Tidewater Renewables from Tidewater Midstream, provides for the issuance of BC LCFS Credits to Tidewater Renewables upon satisfaction of certain FCC Co-Processing Project milestones (estimated based on a BC LCFS credit value of \$375). See “Acquired Assets — Renewable Diesel Business

- Unit — Renewable Diesel Capital Projects — FCC Co-Processing Project*” for details regarding the anticipated BC LCFS Credits regarding the FCC Co-Processing Project.
- (5) In its first full year of operations following start-up in 2023, the 300 bbl/d FCC Co-Processing Project is expected to average 95% utilization. For illustrative project purposes, Tidewater Renewables has utilized recent market information for renewable diesel offered for sale in British Columbia with average price of approximately US\$7.40 per gallon or C\$380 per barrel. Applying a conservative 25% market discount and a 15% quality discount yields approximately \$225 per barrel of combined revenues. For greater clarity, the FCC Co-Processing Project is expected generate a lower realized price as a result of the lower renewable gasoline and renewable diesel yields. Applying an expected forward price for biocrude feedstock and expected operating costs of \$170 per barrel, the project is expected to average an EBITDA of approximately \$55 per barrel of output. See *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — FCC Co-Processing Project”*.
- (6) Renewable Diesel Capital Project capital expenditures are shown net of approximately \$103.4 million in funding from the Government of British Columbia pursuant to the Renewable Diesel Project Part 3 Agreement that, upon assignment to Tidewater Renewables from Tidewater Midstream, provides for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain Renewable Diesel Project milestones (estimated based on a BC LCFS credit value of \$375). See *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Renewable Diesel Project”* for details regarding the anticipated BC LCFS Credits regarding the Renewable Diesel Project.
- (7) In its first full year of operations following start-up in 2023, the 3,000 bbl/d Renewable Diesel Project is expected to average 95% utilization. For illustrative project purposes, Tidewater Renewables has utilized recent market information for renewable diesel offered for sale in British Columbia with average price of approximately US\$7.40 per gallon or C\$380 per barrel. Applying a conservative 25% market discount yields approximately C\$285 per barrel of combined revenues. Using forward prices for renewable diesel feedstock and expected operating costs of approximately \$200 per barrel, the project is expected to average an EBITDA of approximately \$85 per barrel of output. Tidewater Renewables also expects to have excess renewable hydrogen capacity that the Corporation plans to monetize to third parties and/or to Tidewater Midstream. The Company’s base assumption is that it will be able to monetize approximately 2,750 mcf/d of renewable hydrogen at an estimated EBITDA margin of approximately \$8.00 per mcf and link any offtake contracts to recovery of feedstock and operating costs. See *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Renewable Diesel Project”*.
- (8) Renewable Hydrogen Project’s capital expenditures are captured within the Renewable Diesel Project’s capital expenditures; no incremental capital is required. The Renewable Diesel Project and the Renewable Hydrogen Project are being built by Tidewater Midstream and will continue to be built by the Company as one project. The Renewable Diesel & Renewable Hydrogen Complex is the facility resulting from the Renewable Diesel Project and the Renewable Hydrogen Project.
- (9) CI Reduction for Growth Projects is based on BC CI methodology.

INVESTMENT HIGHLIGHTS

Demand for Renewable Fuels Growing Significantly Due to Both Increasing Regulation and Voluntary Consumer Demand

Renewable fuels including Renewable Diesel, Renewable Natural Gas, and Renewable Hydrogen are all expected by Management to be key pieces in the global energy transition economy as the world moves towards a lower carbon footprint. Management believes renewable diesel is 100% substitutable for regular diesel (there is no maximum blend wall for renewable diesel as compared to other substitute renewable fuels) resulting in a significant market. Management believes low substitution costs and reliable performance make renewable diesel adoption an actionable step towards achieving net zero emissions. Governments around the world are legislating the reduction of CI fuels including the US, China, EU, UK, Brazil and Canada. Renewable Hydrogen and Renewable Natural Gas also offer reliability, low switching costs, and can be readily implemented. Tidewater Renewables’ products and offerings further align with long-term ESG goals of end-market consumers including oil and gas producers, natural gas consumers (such as utilities, industrial/power generation), and the broader transportation sector and those in other

industries employing voluntary CI reductions like Air Canada, Amazon.com, Inc., Microsoft Corporation, etc. In 2019, Amazon and Global Optimism co-founded The Climate Pledge, a commitment to reach the Paris Agreement 10 years early and be net-zero carbon by 2040. The Climate Pledge now has 108 signatories, including Amazon, IBM, Unilever, PepsiCo, Visa, Verizon, Siemens, Microsoft, and Best Buy. As these industries reduce GHG emissions, biomass-based diesel demand is projected to increase from less than 1% of liquid biofuels in 2020 to 90% by 2050.¹

Increasing Renewable Fuel Supply Incentives, in Addition to Consumer Demand, Driving Profitability Opportunity

Led by the provincial and federal governments, Canada has increased its focus in accelerating decarbonization through clean energy mandates as evidenced by the carbon tax increasing from \$40/ton today to \$170/ton in 2030. Favourable regulatory programs incentivizing renewable fuels production to meet CI reduction targets include the BC LCFS program in British Columbia and the upcoming implementation of the Canadian CFS program which management anticipates is expected to be implemented on January 1, 2023. Tidewater Renewables expects to begin to accrue CFS credits through the Company's Canola Co-Processing Project in advance of the effective date of the programs; all other projects are anticipated to be completed subsequent to January 1, 2023 and begin accruing credits thereafter. Management expects existing and expected initiatives to drive significant supply and demand for renewable fuels as carbon-based fuel producers are incentivized to blend clean fuels into existing carbon-based fuel streams. Management believes Tidewater Renewables is uniquely positioned to benefit from the supply incentives available to clean energy fuels through its focus on the production of and ancillary services in renewable diesel, renewable hydrogen, and renewable natural gas. Management believes renewable projects offer significant upside to carbon price increases and the Company's experienced management team will enable the actualization of future growth strategies that generate carbon credits and supply sustainable fuels to a growing market.

Early Mover Advantage: First Renewable Diesel and Renewable Hydrogen Plant in Canada

Tidewater Renewables plans on constructing the first commercial renewable diesel and renewable hydrogen complex in Canada. Tidewater Renewables' Renewable Diesel & Renewable Hydrogen Project will be a stand-alone plant, co-located in Prince George beside existing Tidewater Midstream facilities, focused on 100% renewable feedstock, and will have significant flexibility on processing a variety of renewable feedstocks. Early mover advantage is expected by Management to result in differentiated market share, as the plant can fulfill a material portion of near-term BC demand for renewable diesel at a commercial scale. Tidewater Renewables' ability to build within an existing industrial site with existing permits (which only require modifications and will, in most cases, not require assignment or reissue so long as Tidewater Midstream remains as owner of the PGR and operator of the assets and except for the rezoning of certain lands at PGR to "heavy industrial") is expected by Management to result in lower project costs, drive project economics and result in an abbreviated construction phase to market. The Company is situated in a niche market given BC's lack of local supply and increasing commitment to using low carbon intensive fuels. In addition to the construction of the Renewable Diesel & Renewable Hydrogen Complex, Tidewater Renewables expects that it will leverage existing logistics infrastructure and relationships to market renewable products throughout North America to maximize the value for its products.

Disciplined Execution and Track Record Completing Large Scale Projects on Budget

Tidewater Renewables will bring an experienced leadership team with a successful track record of greenfield large project execution and relevant backgrounds in logistics, gas storage and processing, carbon and acid gas capture, and oil refining. Since 2015, the leadership team has completed highly complex, large-scale greenfield projects on-time, and on-budget by deploying over \$500 million in capital

¹ Source: IEA (2021), Net Zero by 2050.

investments. With a focus on a people-first approach, Management believes that Tidewater Renewables will have the right pieces in place to execute a high-growth, high-return renewable projects strategy.

Tidewater Midstream's Pipestone Sour Gas Plant is a state of the art, environmentally friendly facility with acid gas injection (carbon capture) and 30 MW of power generation, capable of utilizing 20% hydrogen as fuel. The facility was designed and constructed to process sour natural gas and natural gas liquids with a high degree of complexity (on-site power generation, waste-heat recovery, and acid gas injection). The Pioneer Pipeline physically connects Tidewater Midstream's Brazeau River Complex to a large new demand source in TransAlta's Sundance and Keephills power plants. Members of Tidewater Renewables' management team completed the 120 km Pioneer Pipeline through swamps and large river crossings. Both of these projects are examples of management's ability to execute large and complex capital projects.

Positioned for Significant Growth via a Deep Portfolio of Organic Projects

Management believes that Tidewater Renewables will have a deep portfolio of organic growth projects at different stages of execution. The growth strategy revolves around leveraging existing infrastructure owned by Tidewater Midstream and in-house operational and engineering expertise to develop projects with a focus on renewable diesel, renewable natural gas, and renewable hydrogen. Management expects growth to materialize through greenfield and brownfield developments, business initiatives to expand market share in connection to ancillary services of producing renewable fuels and potential for future corporate or asset acquisitions.

In support of its growth strategy, Management believes that it has developed and maintained a good working relationship with the provincial and federal governments who recognize Tidewater Midstream's position in the Canadian energy transition industry. Tidewater Renewables anticipates receiving and monetizing approximately \$110 million in government funding through multiple project agreements (including the Renewable Diesel Project Part 3 Agreement and the FCC Co-Processing Project Part 3 Agreement pursuant to which BC LCFS Credits are expected) to develop renewable fuel projects in BC.

Management believes that the Company's early mover advantage in Renewable Diesel provides for a potential parallel first-mover advantage in SAF. Similar to HDRD, SAF is derived from renewable resources and enables a reduction in net life cycle carbon dioxide emissions compared to conventional fuels. SAF is commercially available in the U.S. and has been used by United Airlines at Los Angeles International Airport since 2016 and San Francisco International Airport since 2018. There is currently one U.S. SAF production facility operating in Los Angeles with several other domestic facilities under construction or planned. Canadian airlines are following suit. In March 2021, Air Canada announced it would invest \$50 million in SAF over the next decade to help reach its interim GHG net reduction goals. Air Canada plans to realize a goal of a 20% reduction in emissions (from a 2019 baseline) by 2030, and to reach net-zero emissions throughout its global operations by 2050. Other commercial Canadian airlines, including WestJet Airlines Ltd. and Air Transat, have announced similar mandates, leaving Tidewater Renewables well-positioned to be a first-mover in the space. PGR is expected to have the ability to manufacture SAF through a bolt-on enhancement requiring incremental capital expenditures and will allow the Company to yield either HDRD or SAF depending on which product is fetching the greatest market price.

GROWTH STRATEGY

See "*Risk Factors — Renewable Energy Risks*" and "*Risk Factors — New Project and Growth Risks*".

Developing a Portfolio of Projects Focused on the Renewable Diesel, RNG and Hydrogen Business Units

Tidewater Renewables intends to pursue a growth strategy focused on building out three operating business units: (i) renewable diesel, (ii) renewable hydrogen, and (iii) renewable natural gas. Focus will be placed on expanding its asset portfolio and extending logistics reach throughout North America.

Organically, Tidewater Renewables intends to leverage existing infrastructure and engineering expertise of Tidewater Midstream to develop its portfolio of greenfield and brownfield capital projects to expand the Company's product offering.

Management expects Renewable Diesel & Renewable Hydrogen Complex to be completed at net capital costs to Tidewater Renewables (after BC Government funding) of approximately <1.4x Run Rate EBITDA. See "*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Renewable Diesel Project*".

Canola Co-Processing Project capital expenditures have been fully funded by the Government of British Columbia pursuant to the Canola Co-Processing Part 3 Agreement, which agreement provides for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain Canola Co-Processing Project milestones, which Tidewater Midstream is able to sell. An agreement with the Government of British Columbia is also in place to fund approximately 34% of the FCC Co-Processing Project capital cost in a similar fashion. See "*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Canola Co-Processing Project*" and "*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — FCC Co-Processing Project*".

Additional Growth Opportunities

As Tidewater Renewables evaluates and moves towards final investment decisions on greenfield growth opportunities into future years, the Company expects to target development of new greenfield projects at a capital cost of approximately 4x to 8x Run Rate EBITDA.

Management at Tidewater Renewables has identified over \$1.8 billion of organic greenfield growth projects that are currently at different stages of development.

The following outlook regarding potential long-term growth projects was prepared by Management using assumptions with an effective date as of the date hereof. **There can be no assurance that the assumptions reflected in the outlook regarding potential long-term growth projects will prove to be accurate. Actual results may vary from the amounts disclosed and those variations may be material. Important factors that could cause actual results to vary materially from those disclosed include those set out under "*Risk Factors*". See also "*Forward-looking Statements*". Potential acquisitions will be evaluated on an ongoing basis.**

Renewable Diesel Business Unit - Other Potential Growth Projects

Renewable Gasoline Project

- Capex: ~\$350 million (~5x build multiple)
- Negative carbon intensity (waste products as feedstock)

Renewable Diesel Project #2 / Sustainable Aviation Fuel

- Capex: ~\$300 million (~4-5x build multiple)
- Capable of producing 100% Renewable Diesel or 100% SAF (as well as renewable marine fuel)

Hydrogen Business Unit - Other Potential Growth Projects

Renewable Hydrogen Project #2

Blue Hydrogen / Blue Ammonia with CCS

- Capex: ~\$600 million (~6x build multiple)
- Potentially connect to largest power plant complex in Alberta

CCUS Project and Related Pipeline to large CO₂ emitters with planned 10-15 year PPA

- Capex: ~\$300 million
- Government supportive
- ~8x build multiple depending on government support

RNG Business Unit - Other Potential Growth Projects

Unit Train RNG Facility with CCS

- Capex: ~\$300 million (~5x build multiple)
- Negative carbon intensity (waste products as feedstock)
- Offtake interest from an investment grade counterparty on 10 year basis

Drop-down of additional storage assets

Management targets a capital cost of approximately 2x to 4x Run Rate EBITDA in the evaluation of successful brownfield projects.

Minimize Risk and Costs Via Co-Location with Existing Tidewater Midstream Facilities and Use Of Tidewater Midstream Capabilities

Upon completion of the Acquisition, Tidewater Renewables expects to have a portfolio of greenfield projects that will see the construction of stand-alone Renewable Diesel, hydrogen and RNG projects within the confines of existing Tidewater Midstream industrial sites. Co-location is expected to allow the projects to benefit from reduced capital and operating costs providing a material competitive advantage to other greenfield projects. Tidewater Renewables expects to rely on its engineering and technology partners Stantec Inc. and Haldor Topsøe to minimize construction risk, while also leveraging the Company's management team's experience of executing complex, large-scale projects on-time, and on-budget.

The Company's Brownfield projects are comprised of bolt-on expansions to the Company's current asset portfolio with the goal of enhancing operations. Initiatives include both the Company's canola and FCC co-processing projects located at the PGR, both of which have each garnered substantial government and regulatory support.

Management believes that Tidewater Renewables is well positioned to successfully execute its growth strategy due to the following factors:

- **Existing Infrastructure Ownership Drives Project Returns** — Co-location at the PGR and gas plants within the Tidewater Midstream project portfolio drives economics through reduced upfront capital spending and shared operating costs.
- **Track Record of Project Execution** — The majority owner of the Company has a proven track record of growth and large-scale project execution. Management is able to apply learnings of project development at Tidewater Midstream to pursue renewable energy growth opportunities.

Utilize Proven Technology and Leading Designers and Constructors of Renewable Projects

Tidewater Renewables plans to work with technology providers that the Company believes have proven track records in the applications required for renewable diesel, renewable hydrogen and RNG projects. The Company will also work with leading engineering and construction companies to base project designs on the most suitable equipment and technology for the specific application including site specific requirements, materials and metallurgy selection, pre-treatment facilities, processing facilities, handling, storage, and upgrading. The Company will actively engage in each project's development, construction management, start-up and operation. Tidewater Renewables believes that its management team has a proven track record of project execution in large and complex projects. Management believes this is a key strategic advantage in continuing to grow the business profitably.

Contract Feedstock and Output Production to Maximize Returns

Management believes that Tidewater Renewables is well positioned to successfully execute its growth strategy due to its existing relationships and logistics expertise. Specifically, execution will help to further expand the Company's product offering and strengthen its customer relationships. Tidewater Renewables will look to contract offtake with new and existing customer relationships on all three business units and to maximize the value of the product sold.

Grow the Logistics and Ancillary/Marketing Businesses

Over the next three years, Tidewater Renewables expects to grow and enhance the existing cash flow stream derived from marketing, logistics and ancillary services. At the onset, Tidewater Renewables expects to continue to grow the marketing business through leveraging existing Tidewater Midstream infrastructure, logistics networks and deep customer relationships, as well as a fleet of railcars. Management expects this will include increasing logistics volume throughput, and once operational, providing marketing and storage services to customers of the Renewable Diesel, Renewable Hydrogen and RNG projects.

Add Complementary Assets via Acquisition

Tidewater Renewables intends to identify, and target energy transition and logistics assets located in North America which are complementary to its existing business as well as complimentary businesses such as feedstock and logistics networks. Management expects that its acquisition strategy will target assets that could be enhanced through in-house expertise and will focus on vertically integrating the Company's business units.

Management will evaluate acquisition targets to execute on strategic assets that produce high risk-adjusted return opportunities. Tidewater Renewables is confident in its ability to source and execute deals aided by its network of contacts and transaction sources, ranging from industry executives, private owners, private equity funds and investment bankers. At this time, Tidewater Renewables is not in any substantive direct or indirect discussions regarding acquisitions or business combinations.

REGULATORY FRAMEWORK

Supportive Regulatory Framework in Place to Incentivize Renewable Fuels Development

Access to both the Canadian and U.S. markets gives renewable fuels producers the ability to utilize / take advantage of a number of regulatory programs designed to promote the use of and incentivize investments in renewable fuels. In Canada, there are two primary programs: the provincial BC LCFS and the national CFS. In the US, certain states have implemented LCFS programs and there is an RIN and BTC program on a federal level. The highlights of the programs are summarized below.



Canada

CFS

Clean Fuel Standard (“CFS”) – initiated by the Canadian federal government to pursue a Canada-wide clean fuel standard and is expected to be implemented in 2023

- Producers must meet federally imposed carbon intensity thresholds by blending renewable fuels into fossil fuels
- Aims at 13% CI reduction below 2016 levels

BC LCFS

BC Low Carbon Fuel Standard (“BC LCFS”) – regulation was developed under the BC Liberal government and has been continued by the BC NDP

- The regulation mandated 10% reduction in the fuel CI by 2020 from the 2010 baseline (9.1% achieved in 2020)
- In 2019 the regulations were revised and a new target of a 20% CI reduction by 2030 (or 1.1% annual reduction until 2030)
- The credits act as “market like prices” and can be traded; demand from obligated parties will continue to increase



United States

RIN

Renewable Identification Numbers (“RIN”) – issued by the U.S. Environmental Protection Agency and the Renewable Fuel Standard (“RFS”); credits are generated when renewable fuel is created

- Serial number is assigned to each gallon of renewable fuel produced
- Refiners must purchase and blend to comply with the program
- Can be traded in the market

LCFS

Low Carbon Fuel Standard (“LCFS”) – framework that incentivizes the production & sale of carbon efficient fuels

- LCFS credits are incentives generated by low CI projects/fuels
- The credits are used to drive compliance and trade in a market; demand from obligated parties is expected to increase
- As opposed to BC, U.S. LCFS program has a much larger market with more participants; credits are trading at near maximum price

BTC

Blenders Tax Credit (“BTC”) – blenders of biodiesel or renewable diesel in the U.S. receive US\$1.00/gallon, which is set to expire in 2022

- Bill submitted to the U.S. House of Representatives and U.S. Senate aims to extend the BTC to 2025
- The bill also proposes phasing out the BTC past 2025

The program credits across both jurisdictions are seeing increased demands as credit value has increased over the past five years. This is in turn increasing the value(s) / prices of the renewable fuels that generate the credits to levels that are significantly above the price of similar non-renewable fuels. See “*Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Regulatory Risks, Including Changes to National and Local Legislation*”.

RELATIONSHIP WITH TIDEWATER MIDSTREAM

Following Closing and completion of the Acquisition, Tidewater Midstream will own ●% of the outstanding Common Shares of Tidewater Renewables. The Company has entered into the Governance Agreement with Tidewater Midstream, pursuant to which Tidewater Midstream has certain contractual rights relating to, among other things, the nomination of directors of the Company. See “*Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement*”. Each director of the Company, including nominees of Tidewater Midstream, is expected to comply with all applicable provisions of the ABCA relating to conflicts of interest. The Company and Tidewater Midstream will be subject to all applicable corporate and securities laws with respect to related party transactions, conflicts of interest and use of material non-public information. The Company and Tidewater Midstream have also entered into the Shared Services Agreement pursuant to which Tidewater Midstream provides or arranges for the provision of certain administrative and management services required by the Company, subject to termination in certain circumstances. See “*Agreements with Tidewater Midstream and Other Counterparties — Shared Services Agreement*”. The interests of Tidewater Midstream may conflict with those of other shareholders. See “*Risk Factors — Risks Relating to the Company’s Relationship with Tidewater Midstream*”.

SUMMARY OF THE OFFERING

Issuer:	Tidewater Renewables Ltd.
Proposed TSX Symbol:	“LCFS”.
Offering:	\$● million (\$● million if the Over-Allotment Option is exercised in full). See “ <i>Plan of Distribution</i> ”.
Over-Allotment Option:	The Company has granted to the Underwriters the Over-Allotment Option, exercisable at the Underwriters’ sole discretion at any time, in whole or in part, from time to time, until 30 days after Closing, to purchase, at the Offering Price, up to an additional ● Common Shares, representing 15% of the aggregate number of Common Shares offered by the Company under this prospectus, to cover over-allotments, if any, and for market stabilization purposes. See “ <i>Plan of Distribution</i> ” and “ <i>Principal Shareholders</i> ”.
Common Shares:	Each Common Share entitles the holder to one vote at all meetings of shareholders and, subject to the rights of holders of preferred shares of the Company, to receive any dividend declared by the Company on the Common Shares and to receive the remaining property of the Company upon dissolution. See “ <i>Description of Share Capital</i> ”.
Common Shares Outstanding Following Closing:	● Common Shares outstanding following Closing (● Common Shares if the Over-Allotment Option is exercised in full).
Use of Proceeds:	<p>Tidewater Renewables expects to receive approximately \$● million in net proceeds from the Offering, after deducting the Underwriters’ Commissions payable by the Company to the Underwriters in connection with the Offering and the estimated expenses of the Offering, which are expected to be \$● million.</p> <p>The entire net proceeds of the Offering (approximately \$●) will be applied towards a portion of the cash component of the purchase price for the Acquired Assets. See “<i>Use of Proceeds</i>” and “<i>Formation of the Company — The Acquisition</i>”.</p>
Retained Interest:	Upon Closing and completion of the Acquisition, Tidewater Midstream will own ●% of the outstanding Common Shares (●% if the Over-Allotment Option is exercised in full). See “ <i>Principal Shareholders</i> ”.
Dividend Policy:	The Company does not currently anticipate paying any cash dividends on its securities, including the Common Shares, in the near

future. It may pay cash dividends in the future if and when operational circumstances permit. The actual amount of cash distributed to shareholders, if any, will depend on numerous factors including: (i) the earnings of the Company; (ii) financial requirements for the Company's operations; (iii) the satisfaction by the Company of liquidity and solvency tests in the ABCA (as defined herein); and (iv) any agreements relating to the Company's indebtedness that restrict the declaration and payment of dividends. The payment of dividends is not guaranteed and the amount and timing of any dividends payable is at the discretion of the Board. See "*Dividend Policy*" and "*Risk Factors — Risks Relating to the Offering and Common Shares — Dividends*".

Standstill:

The Company and Tidewater Midstream have agreed that, subject to certain exceptions, Tidewater Renewables and Tidewater Midstream will, respectively and as applicable, not, directly or indirectly, without the prior written consent of the Lead Underwriters, issue, or offer, grant any option, warrant or other right to purchase or agree to issue or sell, or otherwise lend, transfer, assign, pledge or dispose of, in a public offering or by way of private placement or otherwise, any equity securities of the Company or other securities convertible into, exchangeable for, or exercisable into Common Shares or other equity securities of the Company, or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing (other than the Common Shares offered under the Offering, including upon the exercise of the Over-Allotment Option, and the Common Shares issuable pursuant to the Option Plan), for a period of 180 days from the date of Closing. See "*Plan of Distribution — Standstill*".

Risk Factors:

Tidewater Renewables is a multi-faceted, energy transition company focused on the production of low carbon fuels and, as such, is subject to a number of significant risks due to the nature of its business. Prospective investors should carefully consider the information set forth under the heading "*Risk Factors*" and the other information included in this prospectus before deciding to invest in Common Shares.

Risks related to the Company include, without limitation:

- Run Rate EBITDA Outlook;
- Operating Risk;
- Lack of Operating History and Track Record;
- COVID-19;
- Price of BC LCFS Credits;
- Development and Operation of Individual Renewable Energy Projects (Including Cost Overruns);
- Ability to Achieve Investment Objectives;
- Tidewater Midstream's Shareholdings and Provision of Shared Services;
- Competition from Tidewater Midstream;
- Conflicts of Interest with Tidewater Midstream;

- Departure of Tidewater Midstream's Professionals;
- Anticipated Benefits from Relationship with Tidewater Midstream;
- Ability to Recover Indemnification from Tidewater Midstream;
- Future Changes in Relationship with Tidewater Midstream;
- Capital Required for Business Objectives and Milestones, Including Renewable Diesel & Renewable Hydrogen Complex;
- Feedstock and Contracting Risk;
- Interruptions in PGR operations;
- Regulatory Risks, Including Changes to National and Local Legislation;
- Programs Requiring the Use of Renewable and Lower Carbon Fuels;
- Increasing Supply of Renewable Fuels;
- Spread Between Renewable Fuel Prices and Feedstock Costs;
- Infrastructure Service Interruptions;
- Dependence on the Operations of Counterparties and Contractual Arrangements;
- Prices, Markets and Demand for Petroleum Products;
- Use of Proceeds May Differ from what is Set Out in the Prospectus;
- General Economic, Market Risks and Political Conditions;
- Reputational Risks;
- Changing Investor Sentiment;
- Occupational Health and Safety and Accident Risks;
- Reliance on Key Personnel;
- Capital and Additional Funding Requirements;
- Credit Facility Arrangements;
- Litigation;
- Income Taxes;
- Conflicts of Interest;
- Regulatory;
- First Nations Consultation and Claims;
- Concentration of Assets in Alberta and British Columbia;
- Information Technology, Cyber-Attacks, Privacy and Data Protection;
- Technical Systems and Processes Incidents;
- Absence of Public Market for the Common Shares;
- Volatility in Market Price of Common Shares;
- Negative Impact of Additional Sales or Issuances of Common Shares;
- Dividends; and
- Approval of Holders of Notes

GLOSSARY

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

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

“**AcquisitionCo**” means Tidewater Acquisition Inc., a wholly-owned subsidiary of Tidewater Midstream incorporated under the ABCA on May 11, 2021 in order to effect the Acquisition;

“**AcquisitionCo Financial Statements**” means AcquisitionCo’s audited financial statements, consisting of a statement of financial position as at May 31, 2021 and accompanying notes, included in this prospectus in Appendix “A”;

“**AcquisitionCo Shares**” means common shares in the capital of AcquisitionCo;

“**Acquired Assets**” means the assets underlying the Renewable Diesel Business Unit, the Renewable Hydrogen Business Unit and the RNG Business Unit, to be acquired by the Company pursuant to the Acquisition. See “*Acquired Assets*”;

“**Acquisition**” means the acquisition by the Company of the Acquired Assets pursuant to the Purchase and Sale Agreements;

“**Acquisition Agreements**” means, collectively, the Purchase and Sale Agreements and the Assets Ancillary Agreements entered into in connection with the Acquisition;

“**AECO**” means the physical storage and trading hub for natural gas on TC Energy’s Alberta Transmission System, which is the delivery point for the various benchmark Alberta index prices;

“**AER**” means the Alberta Energy Regulator;

“**affiliate**” or “**associate**” has the meaning ascribed thereto in the *Securities Act* (Alberta), as amended from time to time;

“**Asset Financial Statements**” means the financial statements with respect to the Renewable Diesel Assets, Renewable Hydrogen Assets and the RNG Assets included in this prospectus in Appendix “A” and identified as the Asset Financial Statements and being comprised of the Carve-out Financial Statements and Tidewater Renewables Pro Forma Financial Statements (each as defined in Appendix “A”);

“**Anaerobic Digester Project**” means the capital project described under the heading “*Acquired Assets — RNG Business Unit — RNG Capital Projects — Anaerobic Digester Project*”;

“**API**” means the American Petroleum Institute;

“**ASC**” means the Alberta Securities Commission;

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

“**bbls/d or bbl/d**” means barrels per day;

“**BC**” means the province of British Columbia, Canada;

“**bcf**” means a billion cubic feet;

“**bcf/d**” means billion cubic feet per day;

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

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

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

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

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

“**BBD**” means biomass-based diesel;

“**Board**” means the board of directors of the Company;

“**Board Observer**” has the meaning ascribed thereto under “*Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement*”;

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

“**brownfield projects**” means projects that are capacity additions to a site where there are some pre-existing civil works;

“**BTC**” means U.S. blender’s tax credit, a per gallon biodiesel mixture credit established under the *American Jobs Creation Act of 2004*;

“**business day**” means a day other than a Saturday, Sunday or a day on which the principal chartered banks located at Calgary, Alberta are not open for business;

“**CA LCFS**” means the California Low Carbon Fuel Standard;

“**Canadian Securities Laws**” means the securities legislation or ordinance and regulations thereunder of each province of Canada and the rules, instruments, policies and orders of each Canadian securities regulator made thereunder;

“**Canola Co-Processing Project**” means the capital project described under the heading “*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Canola Co-Processing Project*”;

“**CARB**” means the California Air Resources Board;

“Carve-Out Financial Statements” means the financial statements and accompanying notes included in this prospectus in Appendix “A” and identified as the Carve-Out Financial Statements;

“CCS” or **“CCUS”** mean, carbon capture and storage and carbon capture, utilization and storage, respectively;

“CDS” means CDS Clearing and Depository Services Inc. or its nominee;

“CEO” means the Chief Executive Officer of the Company;

“CFS” means the proposed Clean Fuel Standard regulation, to be established under the *Canadian Environmental Protection Act, 1999*. See *“Regulatory Framework — Canadian Clean Energy Regulatory Incentives — Canadian Clean Fuels Standard”*;

“CFS Credits” means credits generated under the CFS. See *“Regulatory Framework — Canadian Clean Energy Regulatory Incentives — Canadian Clean Fuels Standard”*;

“CFP” means the State of Oregon’s Clean Fuels Program;

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

“CIBC” means CIBC World Markets Inc.;

“Closing” means the closing of the Offering;

“Closing Date” has the day upon which the Closing occurs;

“Closing Time” means 12:01 a.m. (Calgary time) on the Closing Date, or such other time on the Closing Date as may be agreed by the Tidewater Renewables, Tidewater Midstream and the Underwriters;

“CO₂” means carbon dioxide;

“CO_{2e}” means carbon dioxide equivalent;

“CO&O Agreements” means the Co-Processing CO&O Agreement and the RNG & Hydrogen Storage Operating Agreement;

“Code of Conduct” has the meaning ascribed thereto under *“Corporate Governance — Business Code of Conduct”*;

“Company” or **“Tidewater Renewables”** means Tidewater Renewables Ltd.;

“Common Shares” means the common shares in the capital of the Company;

“Convertible Securities” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement”*;

“Co-Processing Assets” means the Renewable Diesel Assets, the Renewable Diesel Capital Projects, the Renewable Hydrogen Assets, and the Renewable Hydrogen Capital Projects;

“Co-Processing CO&O Agreement” means the construction, ownership and operating agreement governing the ownership of the Co-Processing Assets, as well as the allocation of operating costs, to be entered into on or before Closing between Tidewater Midstream and Tidewater Renewables;

“Co-Processing Initial PSA” means the purchase and sale agreement to be entered into on or before Closing between Tidewater Midstream and AcquisitionCo pursuant to which AcquisitionCo will acquire, in furtherance of the Acquisition, the Co-Processing Assets;

“Co-Processing PSA” means the Co-Processing Initial PSA and the Co-Processing Subsequent PSA;

“Co-Processing PSA” means the purchase and sale agreement to be entered into on or before Closing between AcquisitionCo and Tidewater Renewables pursuant to which Tidewater Renewables will acquire, upon completion of the Acquisition, the Co-Processing Assets;

“Co-Processing Take-or-Pay Agreement” means the purchase and sale agreement to be entered into on or before Closing between Tidewater Midstream and Tidewater Renewables, pursuant to which Tidewater Midstream agreed to pay a fixed fee in exchange for capacity and or services related to the Co-Processing Assets;

“COVID-19” means the novel coronavirus named COVID-19 and the associated pandemic;

“Credit Facility” means the credit facility ascribed thereto under *“Credit Facility”*;

“CWC” has the meaning ascribed thereto under *“Regulatory Framework — Renewable Fuel Standard Program”*;

“Deloitte” means Deloitte LLP;

“Demand Registration” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement”*;

“Demand Registration Orderly Sale Number” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement”*;

“Director” means a member of the Board;

“Diversity Policy” has the meaning ascribed thereto under *“Corporate Governance — Diversity — Board and Executive Officers”*;

“DSU” means a deferred share unit granted pursuant to the DSU Plan;

“DSU Plan” means the deferred share unit plan of the Company;

“EIA” means the United States Energy Information Administration;

“Environmental Attributes” means, collectively, BC LCFS Credits, CFS credits, RINs, U.S. LCFS credits, rebates, tax credits, grants and other incentives and specific to the jurisdiction the renewable product is sold and environmental attributes available;

“EPA” means the United States Environmental Protection Agency;

“EOR” mean enhanced oil recovery;

“ESG” means environmental, social and governance;

“FCC” means fluid catalytic cracking;

“FCC Co-Processing Project” means the capital project described under the heading *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — FCC Co-Processing Project”*;

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

“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;

“G&A expenses” means general and administrative expenses;

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

“gasoline” means a volatile, flammable liquid mixture of hydrocarbon obtained from crude oil;

“Gasifier Project” means the capital project described under the heading *“Acquired Assets — RNG Business Unit — RNG Capital Projects — Gasifier Project”*;

“gCO₂e” means grams per carbon dioxide equivalent;

“GHG” means greenhouse gas;

“Governance Agreement” means the governance agreement between Tidewater Midstream and the Company dated ●, 2021 further described under *“Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement”*;

“GJ” means Gigajoule;

“greenfield projects” means projects that are capacity additions where there are no previous civil works in place;

“Grey Hydrogen” means hydrogen produced by steam methane reformation without carbon capture and sequestration;

“HDRD” or **“Renewable Diesel”** means hydrogen derived renewable diesel;

“Holder” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement”*;

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

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

“IEA” means the International Energy Agency;

“Independent Directors” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement”*;

“Investor Liquidity Agreement” means the investor liquidity agreement between Tidewater Midstream and the Company dated ●, 2021, as further described under *“Agreements with Tidewater Midstream — Investor Liquidity Agreement”*;

“IRS” means the United States Internal Revenue Service;

“ISD” means in service date;

“km” means kilometres;

“LCFS” means low carbon fuel standards;

“Lead Underwriters” has the meaning set out on the face page of this prospectus;

“Lenders” has the meaning ascribed thereto under *“Credit Facility”*;

“Management” means, collectively, the executive officers of the Company;

“Mbbbl/d” means thousand barrels per day;

“MM” means million;

“MMTA” million metric tonnes per year;

“MMbtu” means million British thermal units;

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

“MD&A” has the meaning ascribed thereto under *“Management’s Discussion and Analysis”*;

“MT” means metric tonnes;

“MT-CO₂” means metric tonnes of carbon dioxide;

“MT-CO₂/yr” means metric tonnes of carbon dioxide per year;

“MT-H₂/yr” means metric tonnes of hydrogen per year;

“Named Executive Officers” has the meaning ascribed thereto under *“Executive Compensation”*;

“NBF” means National Bank Financial Inc.;

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

“NI 41-101” means National Instrument 41-101 — *General Prospectus Requirements*;

“NI 52-109” means National Instrument 52-109 — *Certification of Disclosure in Issuers’ Annual and Interim Filings*;

“NI 52-110” means National Instrument 52-110 — *Audit Committees*;

“NI 58-101” means National Instrument 58-101 — *Disclosure of Corporate Governance Practices*;

“Non-Employee Director” means a director who is neither an officer or employee of the Company or its subsidiaries;

“Notes” has the meaning ascribed thereto under *“Formation of the Company — The Acquisition”*;

“NP 58-201” means National Policy 58-201 — *Corporate Governance Guidelines*;

“Offered Securities” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement”*;

“Offering” means the distribution of Common Shares pursuant to this prospectus;

“Offering Price” has the meaning ascribed thereto in the introduction of this prospectus;

“Operating Facility” has the meaning ascribed thereto under *“Credit Facility”*;

“Option” means an option to acquire a Common Share granted pursuant to the Option Plan;

“Option Based Award” has the meaning ascribed thereto under *“Executive Compensation — Summary Compensation Table”*;

“Option Plan” means the share option plan of the Company;

“Order” has the meaning ascribed thereto under *“Directors and Executive Officers — Cease Trade Orders, Bankruptcies, Penalties or Sanctions — Cease Trade Orders”*;

“Over-Allotment Option” has the meaning ascribed thereto in the introduction of this prospectus;

“Over-Allotment Shares” has the meaning ascribed thereto in the introduction of this prospectus;

“person” means and includes individuals, companies, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, trusts, banks, trust companies, pension funds, and other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof;

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

“petroleum substances” means condensate, crude oil, natural gas, NGL or any of them;

“PGR” means the Prince George refinery — a 12.0 Mbb/d light oil refinery located at Prince George, British Columbia, owned by Tidewater Midstream;

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

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

“Piggy-Back Registration” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement”*;

“Piggy-Back Registration Orderly Sale Number” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement”*;

“Preferred Shares” means the preferred shares in the capital of the Company;

“PSU” means a performance share unit granted pursuant to the PSU Plan;

“PSU Plan” means the performance share unit plan of the Company;

“Purchase and Sale Agreements” means the Co-Processing PSA and the RNG & Hydrogen Storage PSA;

“Qualified Institutional Buyers” has the meaning ascribed thereto under *“Plan of Distribution”*;

“Railcar Assets” means the assets described under the heading *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Assets — Railcar Assets”*;

“Ram River” means Tidewater Midstream’s Ram River gas plant facility, located west of Rocky Mountain House, Alberta;

“refined products” includes gasoline and low sulfur diesel from the PGR;

“RDSP” means a registered disability savings plan;

“Registrable Securities” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement”*;

“Registered Plan” has the meaning ascribed to it under *“Eligibility for Investment”*;

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

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

“Renewable Diesel Assets” means the PGR Tankage Assets & Interest, the Railcar Assets, the PGR Truck & Rail Rack Interest and the Unifiner Reactor Interest. See *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Assets”*;

“Renewable Diesel Business Unit” means the Renewable Diesel Assets and the Renewable Diesel Capital Projects. See *“Acquired Assets — Renewable Diesel Business Unit”*;

“Renewable Diesel Capital Projects” means the Renewable Diesel Project, Canola Co-Processing Project, the FCC Co-Processing Project. See *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects”*;

“Renewable Diesel Project” means the capital project described under the heading *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Renewable Diesel Project”*;

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

“renewable fuels” includes Renewable Diesel, Renewable Hydrogen and RNG;

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

“Renewable Hydrogen Business Unit” means the Renewable Hydrogen Assets and the Renewable Hydrogen Capital Project. See *“Acquired Assets — Renewable Hydrogen Business Unit”*;

“Renewable Hydrogen Assets” means the Steam Methane Reformer and Water Treatment & Electrical Facilities Interest. See *“Acquired Assets — Renewable Hydrogen Business Unit — Renewable Hydrogen Assets”*;

“Renewable Hydrogen Project” means the Renewable Hydrogen Project. See *“Acquired Assets — Renewable Hydrogen Business Unit — Renewable Hydrogen Project”*;

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

“RFS” means the United States Renewable Fuel Standard;

“RINs” means Renewable Identification Numbers established under the EPA;

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

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

“RESP” means a registered education savings plan;

“RNG Assets” means the Renewable Storage Reservoir Assets and the Renewable Storage Infrastructure Assets. See *“Acquired Assets — RNG Business Unit — RNG Assets”*;

“RNG Business Unit” means the RNG Assets and the RNG Capital Projects. See *“Acquired Assets — RNG Business Unit”*;

“RNG Capital Projects” means, the Gasifier Project and the Anaerobic Digester Project. See *“Acquired Assets — RNG Business Unit — RNG Capital Projects”*;

“RNG & Hydrogen Storage Assets” means the RNG Assets and the RNG Capital Projects;

“RNG & Hydrogen Storage Operating Agreement” means the construction, ownership and operating agreement governing the ownership of the RNG & Hydrogen Storage Assets, as well as the allocation of operating costs, to be entered into on or before Closing between Tidewater Midstream and Tidewater Renewables;

“RNG & Hydrogen Storage Initial PSA” means the purchase and sale agreement to be entered into on or before Closing between Tidewater Midstream and AcquisitionCo pursuant to which AcquisitionCo will acquire, in furtherance of the Acquisition, the RNG & Hydrogen Storage Assets;

“RNG & Hydrogen Storage PSA” means the RNG & Hydrogen Storage Initial PSA and the RNG & Hydrogen Storage Subsequent PSA;

“RNG & Hydrogen Storage PSA” means the purchase and sale agreement to be entered into on or before Closing between AcquisitionCo and Tidewater Renewables pursuant to which Tidewater Renewables will acquire, upon completion of the Acquisition, the RNG & Hydrogen Storage Assets;

“RNG & Hydrogen Storage Take-or-Pay Agreement” means the capacity take-or-pay agreement to be entered into on or before Closing between Tidewater Midstream and Tidewater Renewables, pursuant to which Tidewater Midstream agreed to pay a fixed fee in exchange for capacity and or services related to the RNG & Hydrogen Storage Assets;

“RRIF” means a registered retirement income fund;

“RRSP” means a registered retirement savings plan;

“RSU” means a restricted share unit granted pursuant to the RSU Plan;

“RSU Plan” means the restricted share unit plan of the Company;

“RVO” has the meaning ascribed thereto under *“Regulatory Framework — Renewable Fuel Standard Program”*;

“SAF” means sustainable aviation fuel, biokerosene, which is made by blending kerosene with renewable hydrocarbons;

“SEDAR” means the System for Electronic Document Analysis and Retrieval;

“Shared Services Agreement” means the shared services agreement between Tidewater Midstream and the Company dated •, 2021, as further described under *“Agreements with Tidewater Midstream and Other Counterparties — Shared Services Agreement”*;

“shareholder” means a holder of Common Shares;

“Share Based Award” has the meaning ascribed thereto under *“Executive Compensation — Summary Compensation Table”*;

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

“subsidiary” has the meaning ascribed thereto in the ABCA;

“Syndicated Credit Facility” has the meaning ascribed thereto under *“Credit Facility”*;

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

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

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

“TFSA” means a tax free savings account;

“Third-Party MSA” means the master services agreement between Tidewater Midstream and a third party dated mid-2018, to be assigned upon Closing and completion of the Acquisition from Tidewater Midstream

to Tidewater Renewables, related to the RNG Assets to be owned by Tidewater Renewables and operated by Tidewater Midstream in accordance with the RNG & Hydrogen Storage Operating Agreement;

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

“Tidewater Midstream” means Tidewater Midstream and Infrastructure Ltd.;

“Tidewater Renewables Financial Statements” means the Company’s audited financial statements, consisting of a statement of financial position as at May 31, 2021 and accompanying notes, included in this prospectus in Appendix “A”;

“Tidewater Renewables Pro Forma Financial Statements” means the Company’s pro forma financial statements and accompanying notes included in this prospectus in Appendix “A” and identified as the Tidewater Renewables Pro Forma Financial Statements;

“Tidewater Midstream Credit Facilities” has the meaning given to such term under the heading *“Relationships Among the Company, Tidewater Midstream and Certain Underwriters”*;

“Tidewater Midstream Lenders” has the meaning given to such term under the heading *“Relationships Among the Company, Tidewater Midstream and Certain Underwriters”*;

“TSX” means the Toronto Stock Exchange;

“TWM Board Member” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement”*;

“Underwriters” has the meaning set out on the face page of this prospectus;

“Underwriting Agreement” means the underwriting agreement between the Company, Tidewater Midstream and the Underwriters dated ●, 2021, as further described under *“Plan of Distribution”*;

“UNFCCC” means the United Nations Framework Convention on Climate Change;

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

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

“Valid Business Reason” has the meaning ascribed thereto under *“Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement”*;

“Water Treatment & Electrical Facilities Interest” means the assets described under the heading *“Acquired Assets — Renewable Hydrogen Business Unit — Renewable Hydrogen Assets — Water Treatment & Electrical Facilities Interest”*; and

“YTD” means year to date.

INDUSTRY

Overview of Renewable Energy Industry

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

Growing Global Commitment to Achieve a Net-Zero Emissions Target

Under the Paris Agreement in 2015, a collective goal was set forth by 191 members of the United Nations Framework Convention on Climate Change (“**UNFCCC**”) to limit global warming to below 2°C by 2050. While the agreement sets the timeline for 2050, select countries are taking further steps to accelerate the reduction of CO₂. As of April 2021, 44 countries and the European Union pledged to meet a net-zero emissions target which accounts for around 70% of global CO₂ emissions. Of these, ten countries have made meeting this target a legal obligation and Canada has proposed federal legislation to meet a net-zero emission target. The reduction is expected to come from energy related industrial processes including fossil fuels and coal.² Growth of renewable energy sources will be essential in meeting these aggressive targets.

In an attempt to address GHG emissions from high carbon intensity energy sources, interest and funding for renewables beyond conventional power alternatives is gaining momentum. Some of these sources include:

- **Renewable Fuels** — Renewable Diesel, Renewable Natural Gas and other types of organic fuel sources are being used to displace fossil fuels and reduce GHG emissions. Recently announced clean fuels standards in North America and Europe reinforce the movement by governments to support low CI fuels as an important step towards a low carbon economy.
- **Hydrogen** — The use of hydrogen is expected to reduce GHG emissions in the coming decades. Due to its high efficiency and near zero emissions, renewable hydrogen has the potential to reduce GHG in many industry verticals. Several Canadian provinces, such as Alberta and British Columbia, as well as the government of Canada, have released hydrogen strategies.
- **Carbon Capture** — Carbon capture can provide a means of removing CO₂ from the atmosphere to offset emission or generate negative emissions from sectors, where reaching net zero may not be economically or technically feasible. There are 21 carbon capture facilities around the world today, with capacity of up to 40 MT-CO₂/yr with most facilities in the U.S.³

The IEA estimates that significant adoption in renewable fuels, hydrogen and associated carbon capture initiatives will be necessary in achieving net zero emissions by 2050 and could represent 20% of the future energy mix by 2050.

The production of hydrogen is expected by Management to also come from renewable sources such as electrolysis and biomass as well as fossil fuels with CCUS. Blending hydrogen into existing gas networks and repurposing gas pipelines for usage of hydrogen transport will further scale up low-carbon hydrogen.

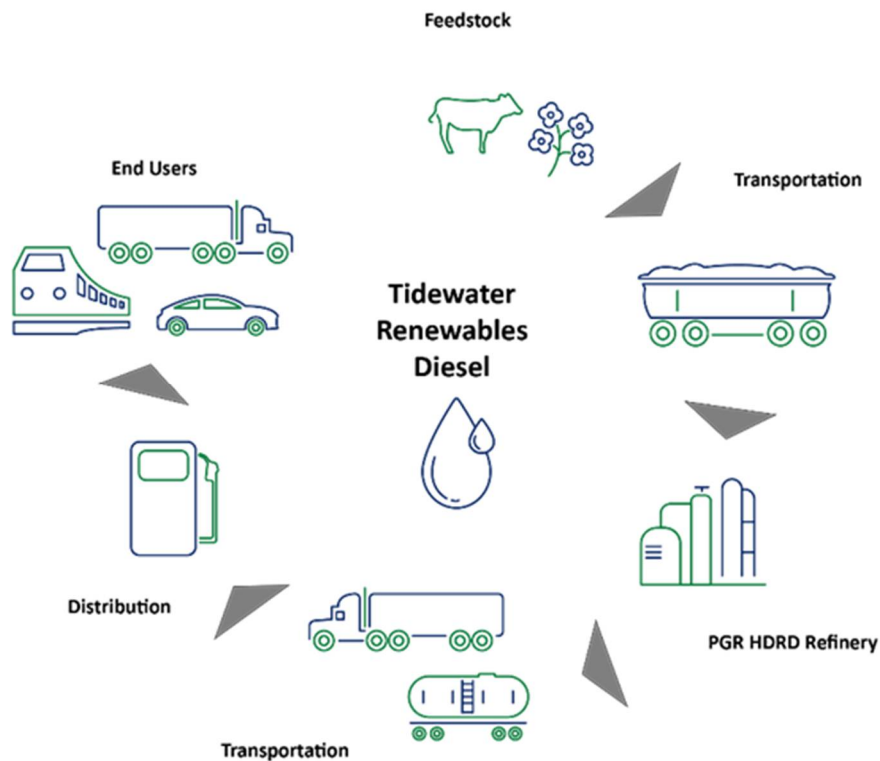
² Source: IEA (2021), Net Zero by 2050.

³ Source: IEA (2020), CCUS in Clean Energy Transitions.

Overview of Renewable Diesel

Demand for Renewable Fuels is Growing at a Rapid Pace

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



Given the nearly identical properties of renewable and conventional diesel, the addressable market for Renewable Diesel is the same as the existing market for fossil fuel-based diesel. Current diesel demand in Canada and the United States is between 64 and 68 billion gallons per year, providing for significant running room for lower carbon alternatives.⁴ North American demand growth for Renewable Diesel is driven by the US and Canadian federal and state / provincial programs, as well as by end users acting independently to reduce GHG emissions. Global Renewable Diesel demand is currently 8 billion gallons per year and is expected to reach more than 13 billion gallons per year in 2030 and 18 billion gallons per year by 2040.⁵

⁴ Source: EIA; Source: Adapted from Statistics Canada, Sales of fuel uses for road motor vehicles, annual (x 1,000), Aug 24, 2020. This does not constitute an endorsement by Statistics Canada of this product.

⁵ Source: Current demand and growth projections to 2030 based on data from LMC International, Square Commodities and Tidewater Midstream analyses. Growth projections between 2030–2040 estimated at 3% growth per annum.

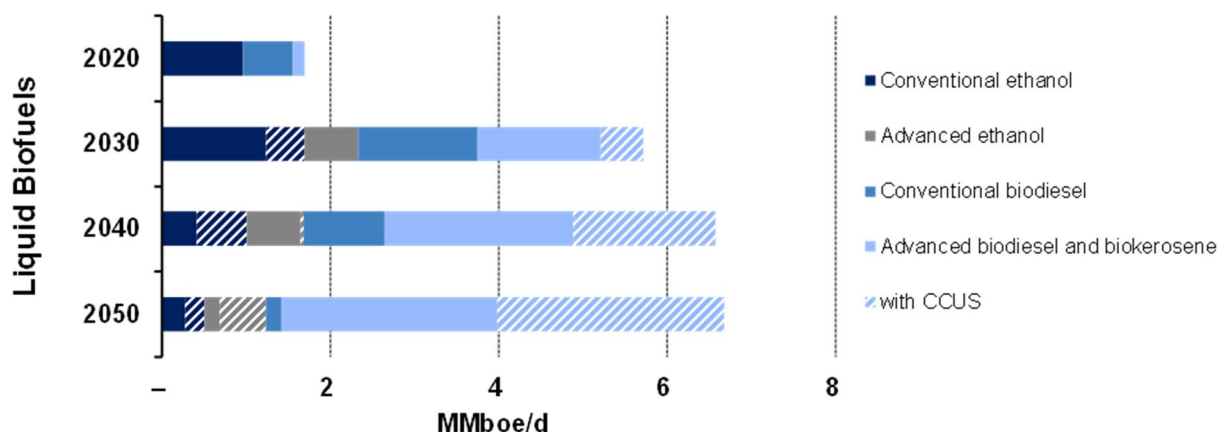
Renewable Diesel is often confused with biodiesel given similar feedstock but is actually a distinct product. Renewable Diesel holds a number of competitive advantages over conventional biodiesel:

- **No Blend Wall** — Renewable Diesel can be put directly into engines while biodiesel is subject to a maximum blending limit of 20%.
- **Cold Weather Reliability** — Oxygen in biodiesel makes it prone to separation and unsuitability in colder temperatures commonly found in Canada.

Market for Renewable Diesel

Globally

The IEA expects that advanced biodiesel, defined as Renewable Diesel and select biodiesel fuels, will grow rapidly as the world transitions to lower carbon intensive fuels. In 2020, advanced biodiesel represented less than 1% of liquid biofuels but is expected to rise to 45% by 2030 and 90% by 2050. Biofuels will become increasingly important to decarbonize transportation sectors that are less prone to electrification including heavy road freight, shipping, and aviation.⁶



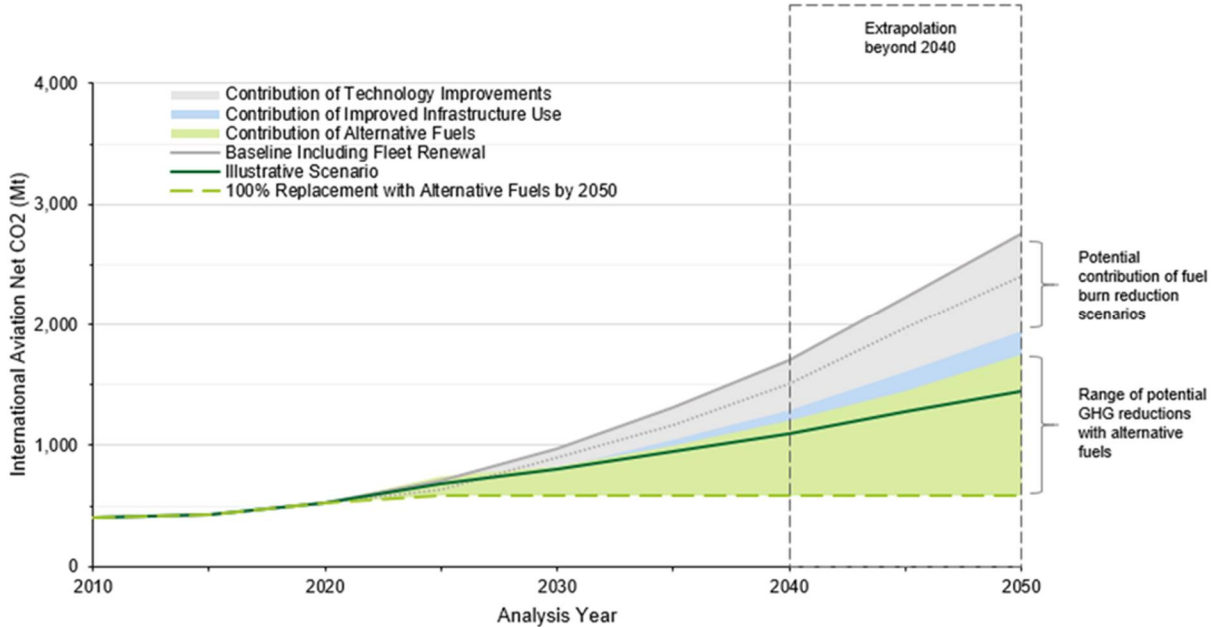
Source: IEA (2021), Net Zero by 2050.

Sustainable aviation fuel (previously defined as “SAF”) or biokerosene is made by blending kerosene with renewable hydrocarbons. SAF’s are certified as “Jet-A1” fuels and are compatible with modern aircraft without any modifications required. The aviation industry has few alternatives for decarbonization considering the energy density of required fuels. This has created a window for SAF which can be blended up to 50% with traditional kerosene and can reduce CI by up to 80% in some cases.⁷

⁶ Source: IEA (2021), Net Zero by 2050.

⁷ BP plc (2021), What is sustainable aviation fuel (SAF).

Expected Aircraft CO₂ Emissions from International Aviation



Source: International Civil Aviation Organization (2018), Sustainable Aviation Fuels Guide.

The shipping industry has similar decarbonization challenges to the aviation industry. Most of international shipping today is dependent on heavy fuel oil which is an energy dense fossil fuel. The International Marine Organization is targeting a 50% reduction in emissions compared to 2008 requiring innovative solutions which may include mass adoption of biofuels.

United States

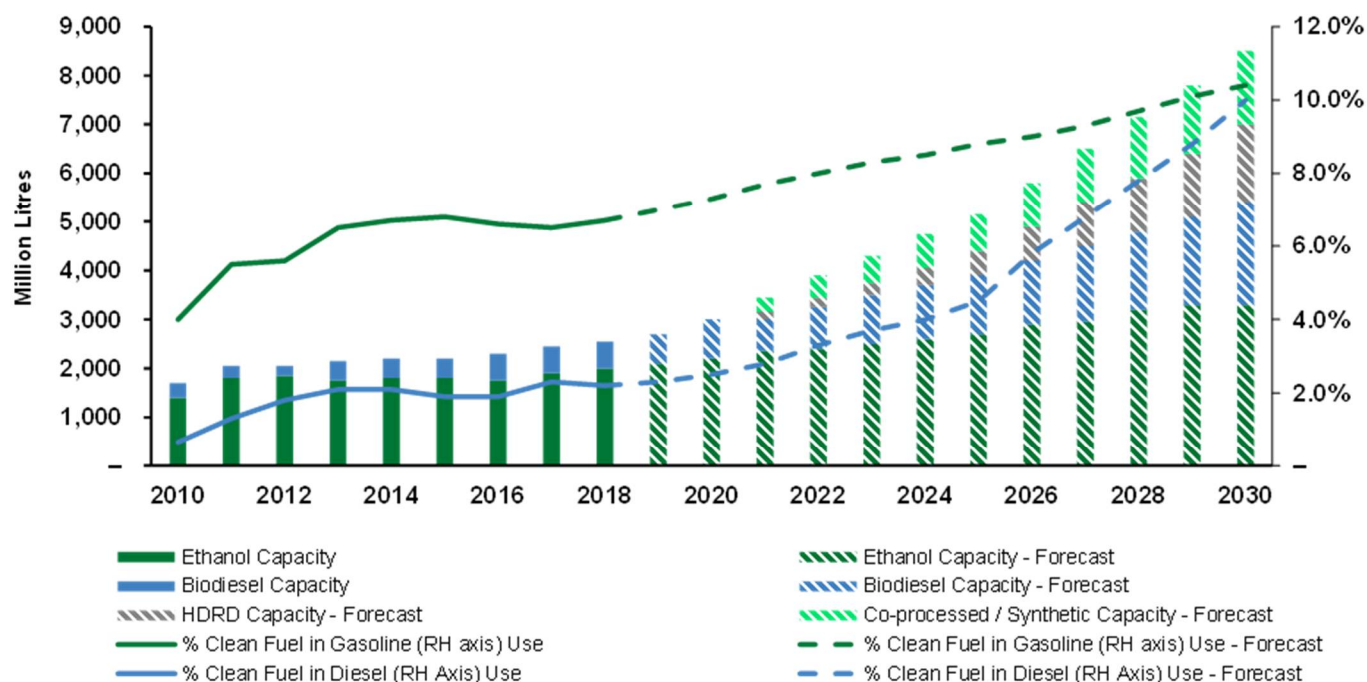
The US Department of Energy estimates that combined renewable domestic diesel production capacity was 400 million gallons in 2019 compared to over 900 million gallons of demand. Domestic energy companies including Philips 66 and Marathon Petroleum are responding to the market gap as the Renewable Diesel industry is still in its infancy. Companies like these are expecting renewable diesel demand to increase rapidly in the coming decades and positioning to capitalize on the transition.

The IEA reports Renewable Diesel imports into the US by Petroleum Administration for Defense Districts and country of origin. The west coast accounts for almost all of the imported Renewable Diesel volumes since 2015 with the vast majority being shipped from Singapore.⁸ Imports to the U.S. west coast have increased at annual rate of 11% per year since 2015 representing a significant market opportunity to displace imported volumes.⁸

⁸ Source: U.S. Energy Information Administration (2021), Independent Statistics & Analysis, Petroleum and Other Liquids.

Canada⁹

Canada currently produces only a nominal amount of Renewable Diesel from one refinery (via-co-processing) located in Burnaby, BC, which provides significant early mover advantages to the Company along with regulatory support and funding.



Advanced Biofuels Canada estimated that Canadian demand for Renewable Diesel will increase 415%–722% by 2030. Domestic production is estimated to accelerate to 831–1,401 million litres by 2030 and require 674–999 million litres of imports to balance rising demand.

Regulatory Tailwinds

Government policy is playing an important role in Renewable Diesel adoption around the world.¹⁰ The RFS in the US, the E10 program in China, renewable transport targets in the European Union & the United Kingdom, the RenovaBio program in Brazil and the CFS in Canada are promising incremental demand for Renewable Diesel.

The LCFS in California, Oregon, Washington and British Columbia is driving current demand for Renewable Diesel in North America. The LCFS is an incentive program that offers credits for low carbon intensive fuels (like Renewable Diesel). The Canadian federal government is rolling out a program similar to the LCFS in 2022 which will disincentivize high carbon based fuels using a credit system and increase demand for renewable diesel across the country.¹¹

⁹ Source: Advanced Biofuels Canada, Sector Report, Clean Fuels Investment in Canada, Advanced Biofuels & Synthetic Liquid Fuels — Roadmap to 2030 (November 2019).

¹⁰ Source: IEA (2020), World Energy Outlook 2020.

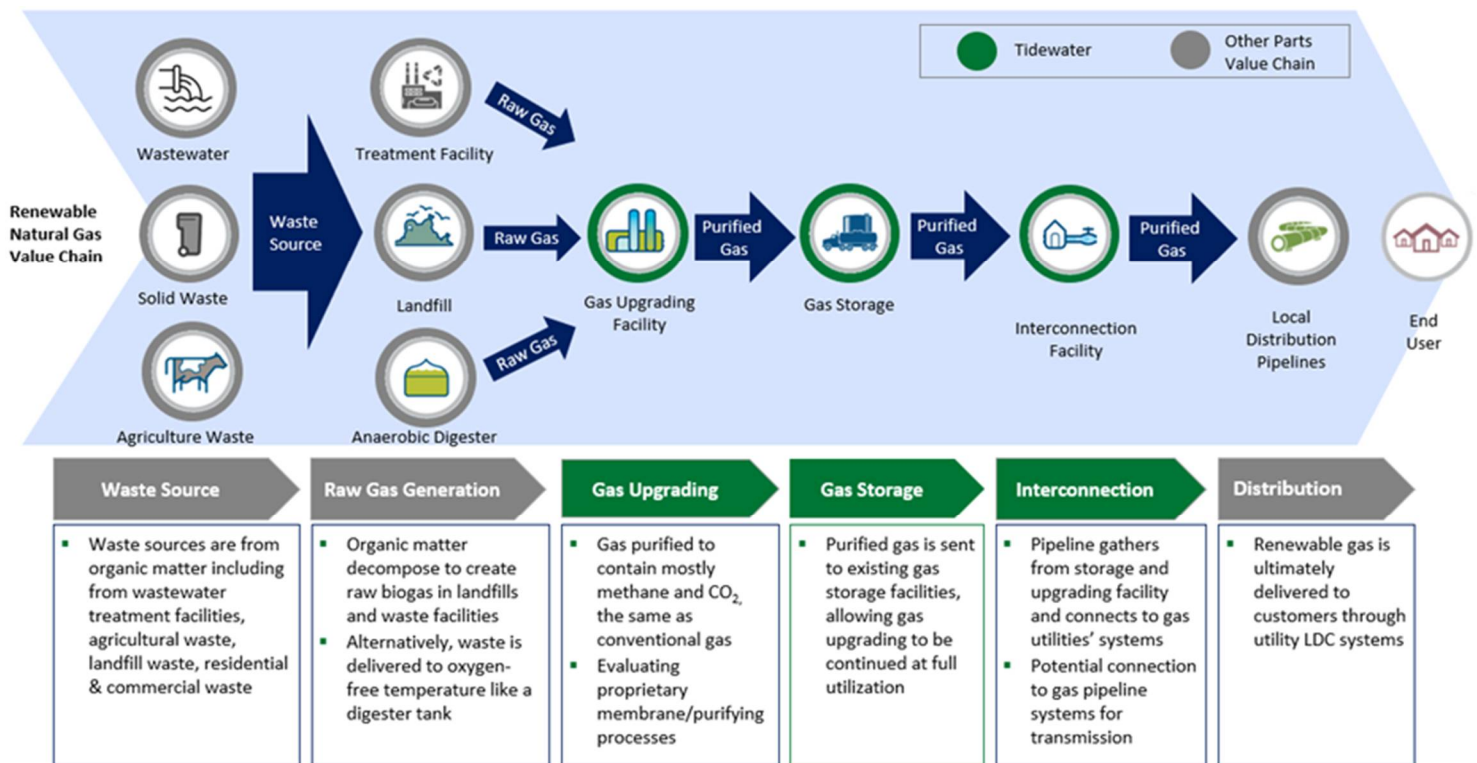
¹¹ Source: Government of Canada (2021), What is the Clean Fuel Standard?

Furthermore, RINs and BTCs are additional incentive programs in the US that offer credits to low CI fuels being produced. Issued by the U.S. Environmental Protection Agency, RINs are credits that are generated when renewable fuel is produced and sold. BTCs are a tax incentive provided by the U.S. IRS to biodiesel, agri-biodiesel, or renewable diesel blenders or distributors who blend it with fossil diesel to produce a mixture containing at least 0.1% fossil diesel fuel.

Overview of Renewable Natural Gas

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

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

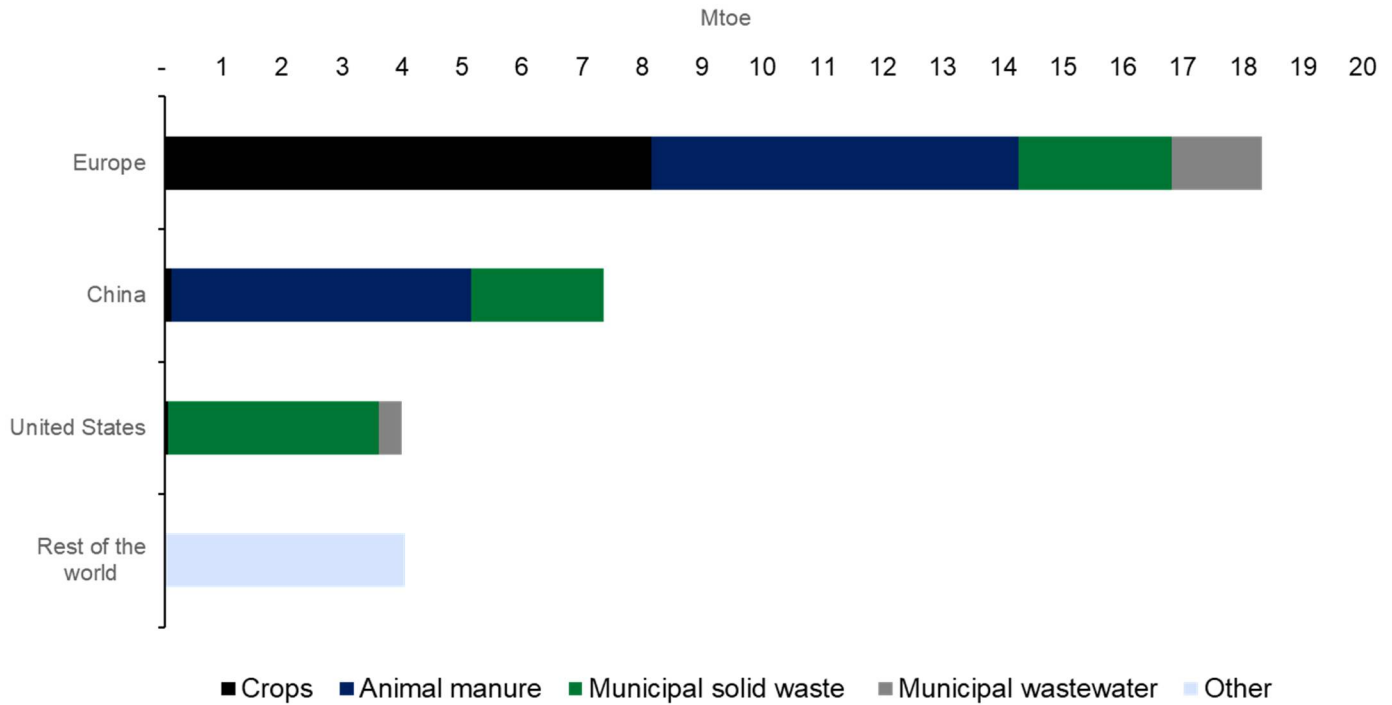


Common Biogas and RNG Feedstock

- **Crop Residues** — Crops like rice, wheat, sugar beet, sugar cane, soybeans and maize.
- **Animal Manure** — From common livestock including cattle, swine, sheep, and poultry.

- **Solid & Industrial Waste** — Waste in the form of paper, cardboard, scrap wood, and waste food from food processing.
- **Wastewater** — Recovered from sewage gas at wastewater treatment plants.

Biogas Production by Region & Feedstock type, 2018



Source: IEA (2020), Outlook for biogas and biomethane: Prospects for organic growth.

Currently in the US, the majority of feedstock driving biogas production is from landfills. There is abundant opportunity in the US to increase production from other sources including animal manure as approximately one third of methane emissions in the country come from the agricultural sector. The number of manure based anaerobic digesters are rapidly growing having a compounded annual growth rate of 13% from 2000 to 2020.¹²

Annual biogas demand in Canada is approximately 2.3 million tonnes of oil equivalent¹³, equivalent to approximately 3% of Canada’s natural gas demand. The majority of biogas and RNG in Canada is generated from wastewater treatment facilities and landfill gas capture.¹³ Nearly half of biogas in Canada is directly used for electricity generation.

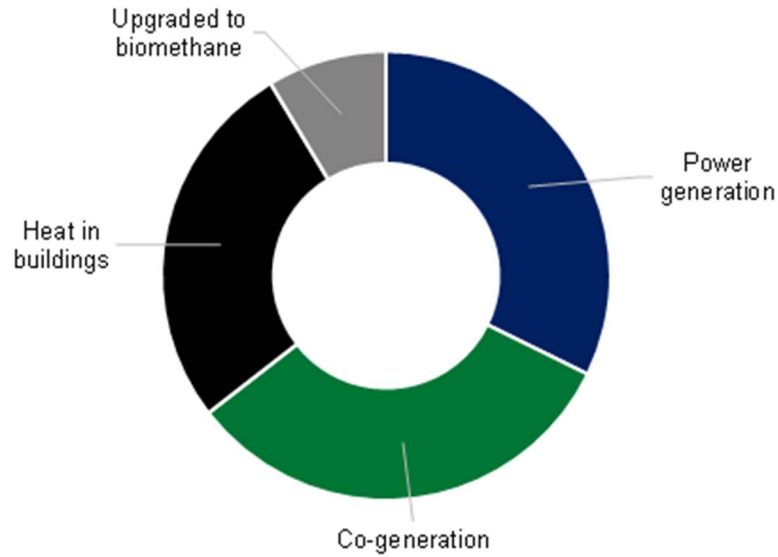
Market for RNG & Biogas

The majority of biogas production globally is used in the power sector either as general electricity or for cogeneration. Approximately 30% is consumed in buildings and in the residential sector for heating and cooking and the remainder is upgraded to RNG and blended into the gas network.¹⁴

¹² Source: EPA (2021), AgSTAR Data and Trends.

¹³ Source: Canadian Biogas Association (2021), Biogas Potential.

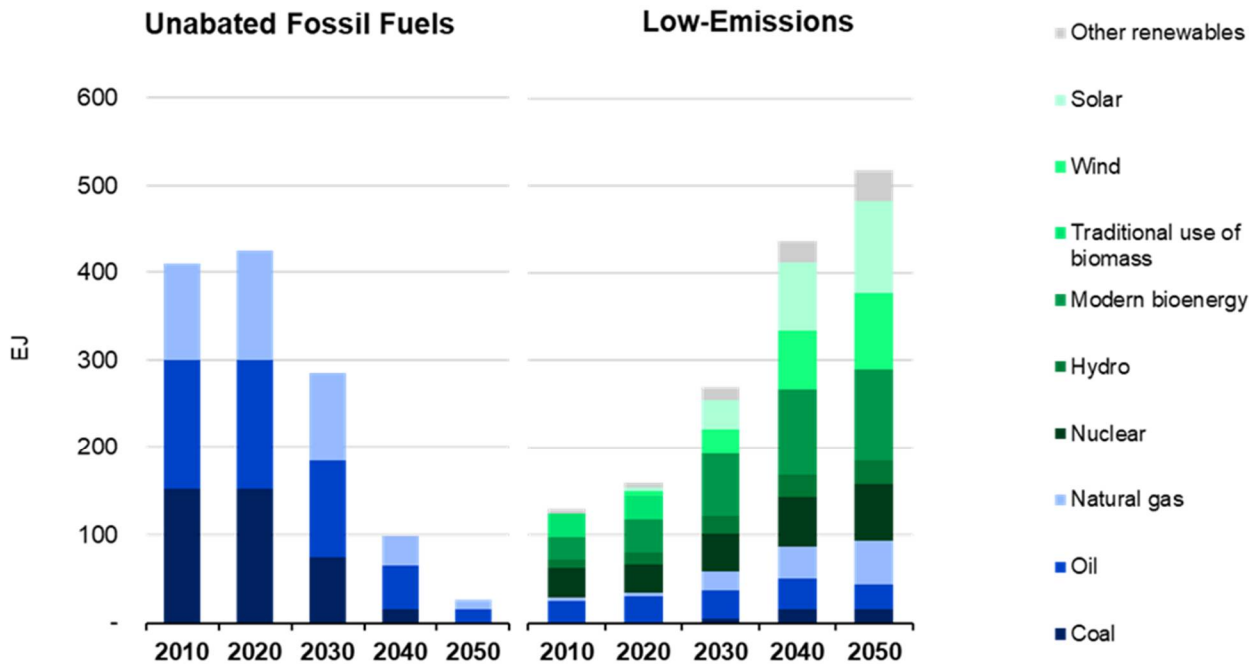
¹⁴ Source: IEA (2020), Outlook for biogas and biomethane: Prospects for organic growth.



Biomethane demand is expected to intensify and increase from approximately 5% of total bioenergy today to 12% by 2040 under the current political framework and 20% given a shift to sustainable development policies.¹⁵ Global demand for biomethane is currently 0.5 bcf/d and is expected to reach 6.3 bcf/d by 2030 and 11.3 bcf/d by 2040.¹⁶ The IEA estimates that modern bioenergy, predominantly biomethane blending into the natural gas network, will be a critical step in achieving net zero emission by 2050 and limiting the rise in global temperatures to 1.5 °C.

¹⁵ IEA (2020), Outlook for biogas and biomethane: Prospects for organic growth.

¹⁶ Source: Current estimate based on IEA 2018 data; growth projections based on IEA estimates and Tidewater Midstream analyses. Growth projections between 2030–2040 estimated at 3% growth per annum.



Source: IEA (2021), Net Zero by 2050.

In response to the global shift towards low carbon energy, a number of utility companies across North America are actively increasing the blend of Renewable Natural Gas. The Canadian Gas Association has targeted a blend of 5% RNG in the natural gas stream by 2025 and 10% by 2030. The CGA estimates that the RNG transition could reduce GHG emissions in Canada by 2030 by 14 MT, equivalent to removing approximately 3.1 million cars off the road.¹⁷

Based on demand projections from the Canadian Energy Regulator, if Canada is able to achieve this 10% target by 2030, implied RNG demand would be 1.2 Bcf/d. Currently, biogas represents 3% of Canada's natural gas consumption with less than 1% available in the conventional natural gas stream.¹⁸

Many utility companies have more aggressive RNG targets including FortisBC, a subsidiary of Fortis Inc., who are working towards a 15% RNG blend by 2030. FortisBC, British Columbia's largest energy supplier, is currently offering customers the option to choose an RNG blend from 5% to 100%.

Overview of Hydrogen

At the forefront of the renewable energy transition is clean hydrogen produced from zero or low emission sources. Currently, clean hydrogen accounts for less than 0.7% of hydrogen produced worldwide.¹⁹ The IEA estimates hydrogen demand is currently 70 MMTpa and could reach 100 MMTpa by 2030 and 200 MMTpa by 2040.²⁰ With increasing emissions and demand for hydrogen expected to be ten-fold by 2050

¹⁷ Source: Canadian Gas Association, The Renewable Natural Gas Opportunity.

¹⁸ Source: Canadian Energy Regulator (2020), Canada's Energy Future 2020.

¹⁹ Source: IEA (2019), The Future of Hydrogen.

²⁰ Source: Current estimate based on IEA 2019 data; growth projections based on IEA estimates, Hydrogen Council estimates and Tidewater Midstream analyses. Growth projections between 2030–2040 estimated at 3% growth per annum.

(annual market size of approximately US\$2.5 trillion), producing hydrogen in a cleaner way is vital to reducing worldwide emissions.²¹

Types of Hydrogen²²

Grey, Black, and Brown Hydrogen

Primarily produced from natural gas, coal or other fossil fuels as an input. Currently, approximately 76% of hydrogen production produced globally uses natural gas (grey hydrogen) and approximately 23% uses coal (black hydrogen from hard coal; and brown hydrogen from lignite). To produce grey, black, or brown hydrogen, a method called steam methane reforming (SMR) is used. This process uses oxygen from high-temperature steam to separate methane and produce hydrogen.

Blue Hydrogen

The process of producing blue hydrogen is the same as grey, black, and brown hydrogen, however, blue hydrogen utilizes CCS to reduce GHG emissions by up to approximately 90%.

Green Hydrogen

Green hydrogen is produced from water using electrolysis, where an electric current is used to break down water molecules into hydrogen and oxygen molecules. To qualify as green hydrogen, the electricity used in the process must be from a renewable or nuclear source.

Benefits of Hydrogen²³

1. Versatile energy carrier
2. Carbon-free at point of use
3. Can be produced from a variety of feedstock
4. Can be transported long distances
5. Highest energy per mass of any fuel

Hydrogen Opportunities in Canada

Hydrogen Production, Distribution & Storage

In Canada, 67% of electricity is derived from a renewable source of which 82% is from non-GHG emitting sources.²⁴ Canada currently produces three million tonnes of hydrogen annually putting it in the top ten globally for largest hydrogen producers. To transport hydrogen, Canada has an existing vast network of natural gas pipeline infrastructure that can be utilized for transportation and storage of hydrogen. In Alberta, there is existing natural gas pipeline infrastructure that can be utilized and expanded to accommodate

²¹ Source: Government of Alberta (2020) Natural gas Vision & Strategy.

²² Source: Pembina Institute (2020), Hydrogen on the path to net-zero emissions — Costs and climate benefits.

²³ Source: Government of Canada (2020), Hydrogen Strategy for Canada — Seizing the Opportunities for Hydrogen.

²⁴ Source: Government of Canada (October 2020), Electricity Facts.

growing hydrogen supply. Alberta is also uniquely well situated with an abundance of depleted natural gas wells and naturally occurring salt caverns that can be used for hydrogen storage.

Hydrogen Demand from Transportation, Heating and Petrochemical Feedstock²⁵

By 2050, it is expected that Canada will have 5 million light-duty vehicles, 160,000 trucks, and 6,500 buses on the road all powered by hydrogen fuel cells. As a result, demand for hydrogen in the transportation sector could be 2.66 MT-H₂/yr which would make up approximately 13% of Canada's total hydrogen demand. Hydrogen could also make up 86% by volume on average of the fuel in the gas network. It is expected that hydrogen demand for heating in 2050 could be 10.6 MT-H₂/yr accounting for 52% of Canada's total hydrogen demand. Canada's petrochemical industry is the largest user of hydrogen with demand expected to grow to 7.2 MT-H₂/yr by 2050, amounting to 35% of Canada's total hydrogen demand. As Canada recently implemented a clean fuel standard, there is room for opportunity to develop GHG reducing technologies via hydrogen or hydrogen-based fuels.

Incentives for Adoption in Canada

Multiple incentives and market catalysts exist for greater hydrogen adoption in Canada and the United States. Currently, direct incentives for hydrogen related development are predominately related to grants from the governments of the United States and Canada. Several Canadian provinces, including Alberta, British Columbia, Ontario, and Quebec have released hydrogen strategies. Moreover, the Canadian federal government has provided funding for hydrogen predominately through Sustainable Development Technology Canada and more recently released its National Hydrogen Strategy in December 2020. In the United States, the Department of Energy has released the Hydrogen Program Plan under which the United States' strategy is advanced through the Department of Energy by integrating hydrogen research and development across various federal offices and agencies. Their aim is to partner with the private sector to commercialize hydrogen production for the use in transportation, utility, industrial, and power generation. The Department of Energy has invested over four billion dollars over the past twenty years in various hydrogen applications. Market opportunities for hydrogen in North America include hydrogen blending into gas-fired power generation, the addition of hydrogen directly into existing gas distribution systems, and fuel for heavy duty transportation.

Overview of Carbon Capture, Utilization, and Storage

Carbon capture, utilization, and storage will be a main contributor to net-zero carbon emissions as it plays a role in hydrogen, sustainable biofuels, and electrification. Currently there are 22 CCUS facilities around the world with capacity to capture more than 40 MT-CO₂/yr.²⁶ Many of these facilities have been around for decades; however, the use and construction of CCUS facilities is growing at a steady pace with world CO₂ capture increasing significantly from 13.2 MT-CO₂ in 2010 to 39.4 MT-CO₂ in 2020.²⁷

CCUS

CCUS is a suite of technologies that revolves around the capture of CO₂ from power generation or industrial facilities that are fueled by fossil fuels or biomass. Alternatively, CO₂ can be captured directly from the atmosphere to offset the impact of emissions from the source. The captured CO₂ can either be used on site or compressed and transported by pipeline, ship, rail, or truck to be used in different applications EOR or

²⁵ Source: Government of Canada (December 2020), Hydrogen Strategy for Canada — Seizing the Opportunities for Hydrogen.

²⁶ Source: IEA (2019), Putting CO₂ to Use.

²⁷ Source: IEA (2021), About CCUS.

feedstock for synthetic fuels, chemicals, or building materials or injected into subsurface geological formations which trap/store the CO₂.

CCUS Uses and Demand Drivers

Currently, approximately 230 MT of CO₂ is used globally per year. The primary and largest use of CO₂ is in the production of fertilizers (approximately 130 MT-CO₂/yr) and EOR in the oil and gas industry (approximately 70-80 MT-CO₂/yr).²⁸ CO₂ is also used on a smaller scale in food and beverage production, water treatment, and greenhouses. As use cases for CO₂ continue to advance, new opportunities for CCUS technologies arise. New uses for CO₂ include utilizing CO₂ to convert hydrogen to synthetic hydrocarbon fuels, to produce alternative fossil fuels and chemicals, and to produce building materials such as concrete or other raw materials.

REGULATORY FRAMEWORK

See “Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Regulatory Risks, Including Changes to National and Local Legislation”.

Renewable Energy Credits: Overview



Canada

CFS

Clean Fuel Standard (“CFS”) – initiated by the Canadian federal government to pursue a Canada-wide clean fuel standard and is expected to be implemented in 2023

- Producers must meet federally imposed carbon intensity thresholds by blending renewable fuels into fossil fuels
- Aims at 13% CI reduction below 2016 levels

BC LCFS

BC Low Carbon Fuel Standard (“BC LCFS”) – regulation was developed under the BC Liberal government and has been continued by the BC NDP

- The regulation mandated 10% reduction in the fuel CI by 2020 from the 2010 baseline (9.1% achieved in 2020)
- In 2019 the regulations were revised and a new target of a 20% CI reduction by 2030 (or 1.1% annual reduction until 2030)
- The credits act as “market like prices” and can be traded; demand from obligated parties will continue to increase



United States

RIN

Renewable Identification Numbers (“RIN”) – issued by the U.S. Environmental Protection Agency and the Renewable Fuel Standard (“RFS”); credits are generated when renewable fuel is created

- Serial number is assigned to each gallon of renewable fuel produced
- Refiners must purchase and blend to comply with the program
- Can be traded in the market

LCFS

Low Carbon Fuel Standard (“LCFS”) – framework that incentivizes the production & sale of carbon efficient fuels

- LCFS credits are incentives generated by low CI projects/fuels
- The credits are used to drive compliance and trade in a market; demand from obligated parties is expected to increase
- As opposed to BC, U.S. LCFS program has a much larger market with more participants; credits are trading at near maximum price

BTC

Blenders Tax Credit (“BTC”) – blenders of biodiesel or renewable diesel in the U.S. receive US\$1.00/gallon, which is set to expire in 2022

- Bill submitted to the U.S. House of Representatives and U.S. Senate aims to extend the BTC to 2025
- The bill also proposes phasing out the BTC past 2025

²⁸ Source: IEA (2019), Putting CO₂ to Use.

Governmental Regulation

The proposed assets and projects of Tidewater Renewables are subject to federal, provincial and local air quality, solid waste, and water quality regulations and permitting requirements. Specific permits the Company must, in the normal course of business, obtain when developing its projects include: construction permits, operating permits, air permits, zoning permits, non-hazardous waste management permits, pollutant discharge elimination permits, and beneficial use permits. The Company's proposed assets and projects must also maintain compliance with relevant federal, provincial, and local environmental, health and safety requirements. Regulatory and legislative factors also influence the price of renewable diesel, renewable hydrogen and RNG and depend on the jurisdiction where the end product is sold. For greater clarity, Tidewater Renewables' proposed assets and projects are in Canada (except for, potentially, its rail cars from time to time) and therefore subject to the Canadian regulatory and Clean Energy Regulatory Incentives. At certain times in the future, the Company may sell some of its end products in the United States, at which time US Clean Energy Regulatory Incentives will be applicable.

Canadian Clean Energy Regulatory Incentives

Canadian Clean Fuels Standard (CFS)

The CFS is an important part of Canada's approach to growing a cleaner and more competitive economy and one of the main regulations providing potential future incentives for the Company's business. The CFS is a proposed regulation, to be established under the *Canadian Environmental Protection Act, 1999*. The CFS regulation will require fossil fuel suppliers to make the fuels that they supply cleaner and less polluting overall. In so doing, they will contribute to the reduction of GHG emissions, mostly from the transportation sector which accounted for 25% of Canada's total GHG emissions in 2018. The CFS is expected to build on current federal and provincial renewable fuel regulations by expanding its mandate to focus on emissions throughout the lifecycle of fuels. The Government of Canada is following similar regulatory approaches that already exist in British Columbia, California, Oregon, Washington, and other jurisdictions.

The CFS will mandate liquid fuel distributors to lower the carbon emission intensity of their products, with the aim of significantly reducing pollution and GHG emissions. In addition, the CFS will continue to have credit creation opportunities for low carbon gaseous fuels like hydrogen and renewable natural gas. To drive the production and consumption of clean fuels, the CFS intends to accelerate investment and growth in clean fuel projects through the use of incentives for the development and adoption of clean fuels and clean fuel technologies and processes.

On December 18, 2020, Environment and Climate Change Canada issued the CFS, which is expected to come in effect on January 1, 2023, with certain renewable projects being able to accrue credits prior to the effective date. The proposed CFS intends to cut the rate of GHG emissions by reducing the lifecycle CI of liquid and gaseous fossil fuels used in Canada. Specifically, the CFS is anticipated to target a CI reduction of liquid fossil fuels by 12 grams of CO_{2e} per megajoule (gCO_{2e}/MJ) by 2030, which represents a decrease of approximately 13% in CI below 2016 levels.²⁹ To achieve this, the CFS is expected to incentivize actions taken in three main compliance categories:

1. GHG reductions along the lifecycle of fossil fuels to reduce CI;
2. supplying Low Carbon Fuels; and
3. end-use fuel switching in transportation.

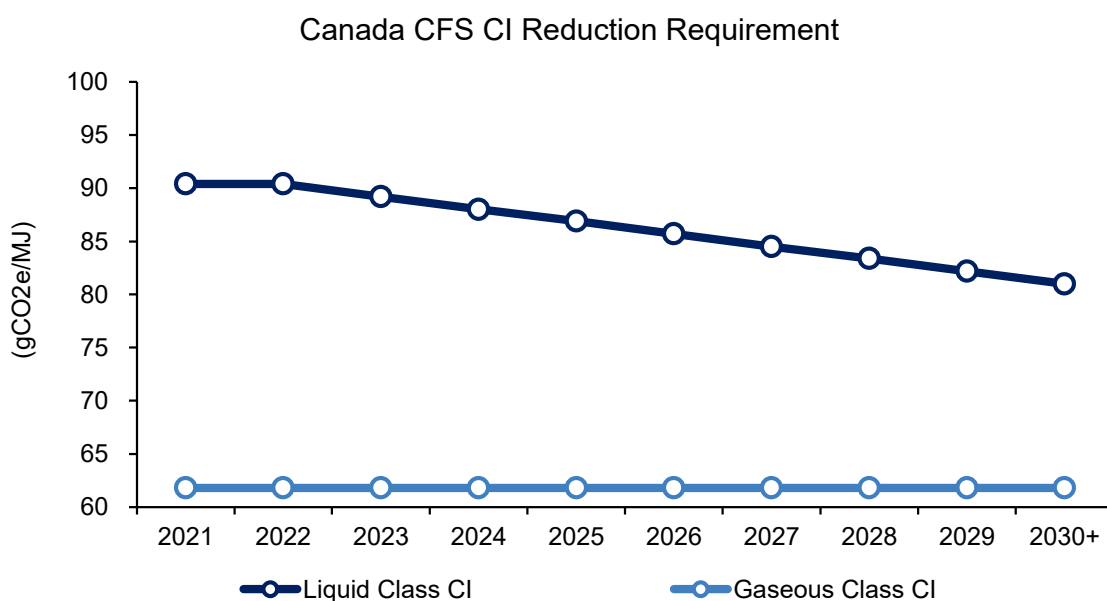
²⁹ Source: Canada Gazette, Part I, Volume 154, Number 51: Clean Fuel Regulations (December 19, 2020).

The CFS, as proposed, would establish a CFS Credit market, where each credit would represent a lifecycle emission reduction of one tonne of CO₂e. For each compliance period, a primary supplier would demonstrate compliance with their reduction requirement by creating credits or acquiring credits from other creators, and then using the required number of credits for compliance. CFS Credits are expected to be created by various low carbon fuel types, including but not limited to Renewable Diesel, Renewable Natural Gas and Hydrogen.

Renewable Diesel will generate CFS Credits under the proposed CFS framework as a low carbon liquid fuel. RNG and Hydrogen will generate CFS Credits under the proposed CFS framework as a low carbon fuel. Low CI fuels are fuels, other than the fossil fuels subject to the CI reduction requirements, that have a CI equal to or less than 90% of the credit reference CI value for the fuel. CFS Credit quantification methodology for low carbon liquid fuels increasingly awards credits for further reductions to the CI (gCO₂e) of fuels, beyond the 90% reduction benchmark criteria.

Tidewater Renewables can choose to capture the value of the CFS Credits by selling the forecasted renewable diesel production, forecasted renewable natural gas production and forecasted renewable hydrogen production to a consumer with the CFS Credits embedded in the purchase price or through monetizing the credits separately in the open market.

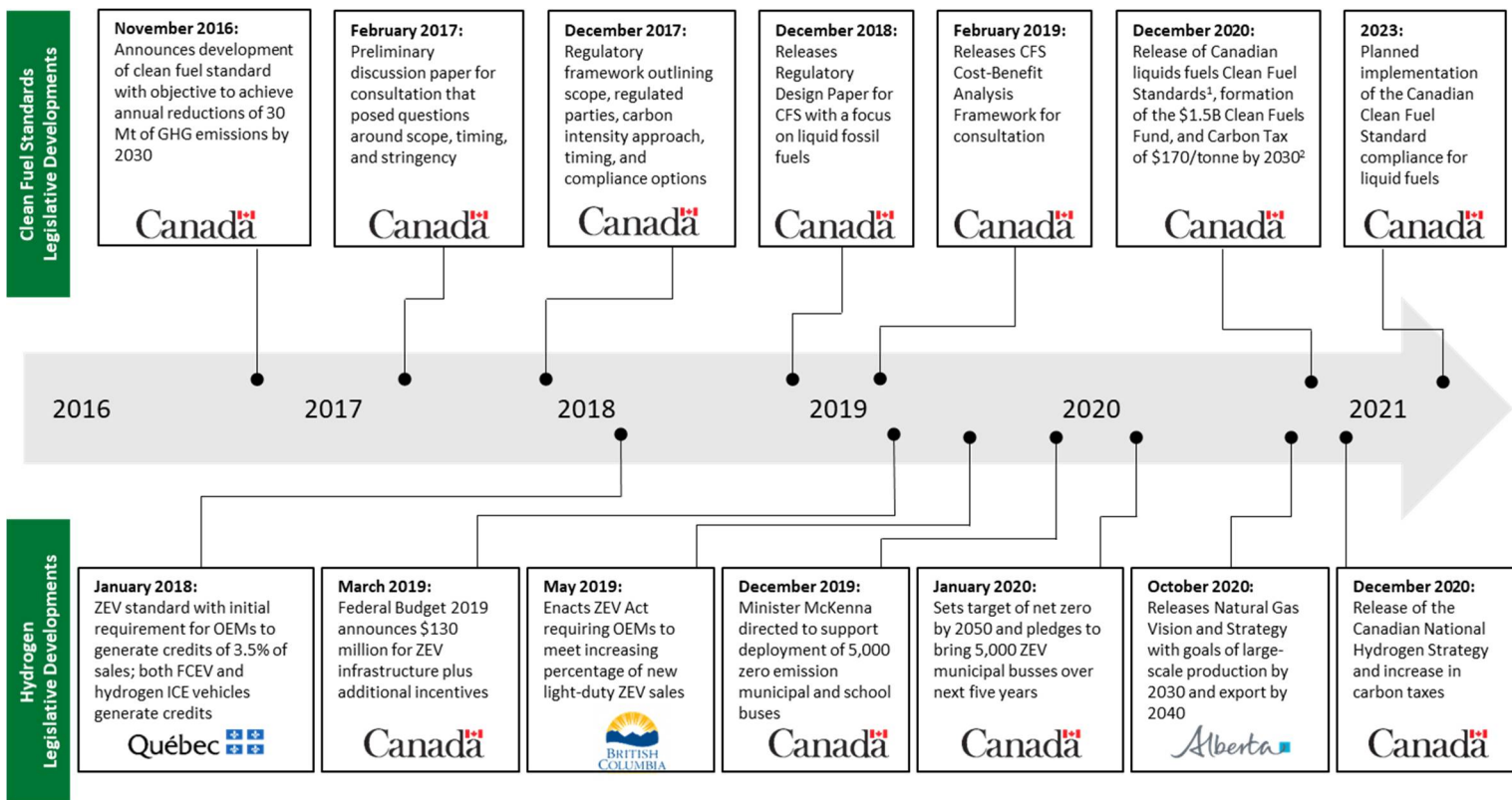
CFS CI Compliance Standards for Liquid Class



Source: Canada Gazette, Part I, Volume 154, Number 51: Clean Fuel Regulations (December 19, 2020).

CCS applies under the CFS framework as a process that improves the lifecycle emissions of a fossil fuel. The proposed quantification methodology for CCS awards credits for tonnes of CO₂e captured, calculated considering the lifecycle emissions of the capture process including waste fuel, heat or solutions.

In summary, the Renewable Diesel Business Unit, Renewable Hydrogen Business Unit and RNG Business Unit and associated volumes of renewable product sold in Canada would be subject to the proposed CFS regulation and would generate credits thereunder.

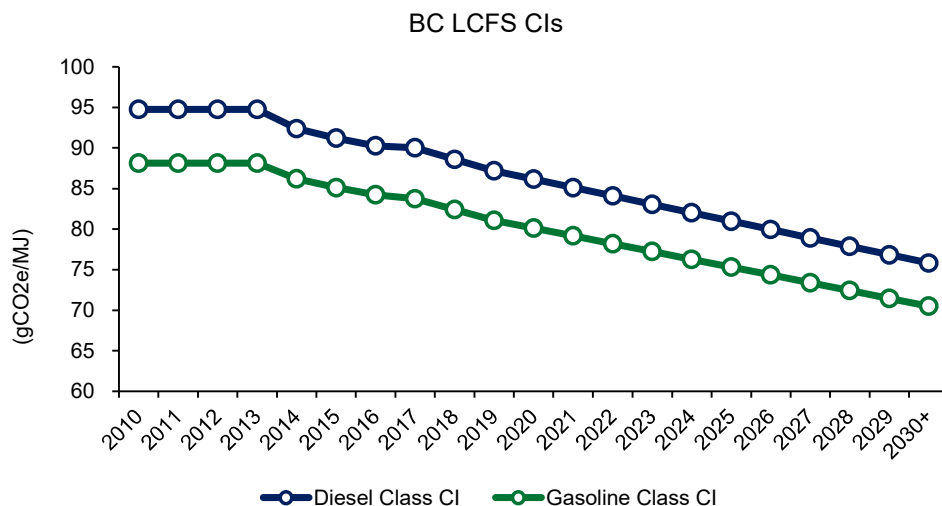


British Columbia Low Carbon Fuel Standard (“BC LCFS”)

In January 2010, the provincial government instituted the BC LCFS program. The BC LCFS requires reductions in the lifecycle CI of transportation fuels supplied in British Columbia, outlining that 5% of gasoline and 4% of diesel volumes must contain renewable fuel and annual BC LCFS compliance standard are met. Initially, fuel suppliers were required to progressively decrease the average CI of their fuels to achieve a 9% reduction in 2020 from a 2010 CI baseline. In December 2018, British Columbia’s Ministry of Energy, Mines and Petroleum Resources released their CleanBC Plan, announcing an increase of the CI target to 20% by 2030 relative to 2010 CI levels. In July 2020, these amendments to the BC LCFS came into effect. To date, British Columbia is the only province with a low carbon fuel standard in Canada.

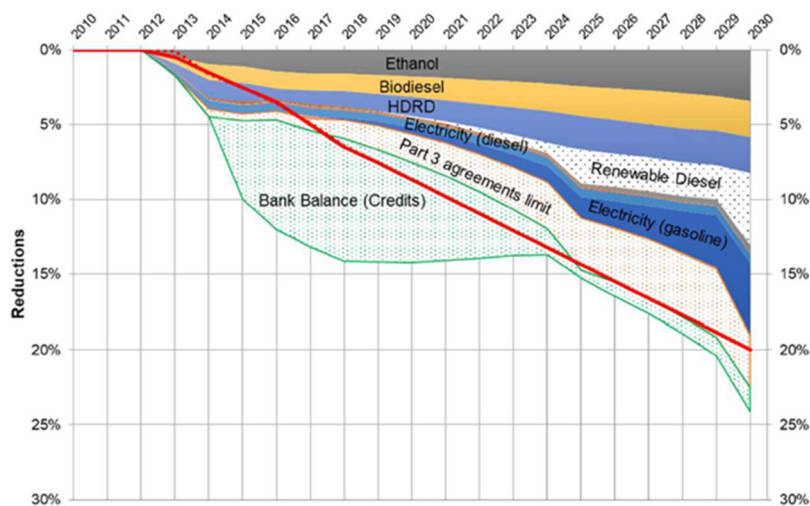
The BC LCFS applies to all fuels used for transportation in British Columbia with the exception of fuel used by aircraft or for military operations. Fuel suppliers can comply with the BC LCFS by reducing the overall CI of the fuels they supply, blending renewable fuels into their existing fuel stream, acquiring credits from other fuel suppliers, or by entering into an agreement with the province that provides Part 3 credits for the construction of clean fuels projects.

BC LCFS CI Compliance Standards for Diesel and Gasoline



Source: BC LCFS.

BC LCFS CI Target



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

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

Earning BC LCFS Credits

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

Monetization of BC LCFS Credits

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

BC LCFS Credit Price History

BC LCFS Credit Prices - C\$/Credit			
Year	Minimum⁽¹⁾	Average⁽¹⁾	Maximum
2016	\$100.00	\$170.93	\$190.00
2017	\$60.00	\$164.30	\$185.00
2018	\$55.00	\$164.30	\$210.50
2019	\$32.93	\$269.33	\$324.08
2020	\$32.50	\$250.44	\$385.20
2021 YTD	\$85.00	\$412.51	\$493.50

Note:

- (1) Some of the minimum BC LCFS Credit Prices are not indicative of current market value as they represent credits sold under legacy agreements, where the credits were pre-sold at a fixed price but were only recorded in the period when earned and transferred (which may also artificially lower the average metrics).
- (2) Source: BC Ministry of Energy, Mines and Low Carbon Innovation, Renewable and Low Carbon Fuel Requirements Regulation, Monthly Credit Market Report – June 2021 (Issued July 2, 2021).

The Company believes that the recent increases in BC LCFS Credits prices is attributable to, at least in part, to the supply and demand dynamics for renewable diesel, demand for BC LCFS Credits and the prices of Environmental Attributes and renewable diesel in competing LCFS markets (Oregon and California).

US Clean Energy Regulatory Incentives

Renewable Fuel Standard (RFS) Program

The U.S. Congress created the RFS program to reduce GHG emissions and expand the nation’s renewable fuels sector while reducing reliance on imported oil. This program was authorized under the *Energy Policy Act of 2005* and expanded under the *Energy Independence and Security Act of 2007*.

The EPA administers the RFS program with volume requirements for several categories of renewable fuels, which apply to the Company's Renewable Diesel Business Unit and RNG Business Unit. The EPA first issued regulations implementing the RFS program in 2007, which established rules for fuel supplied and created the RINs system for compliance and trading credits and rules for waivers. The EPA calculates a blending standard for each year based on estimates of gasoline usage from the EIA. Separate quotas and blending requirements are determined for cellulosic biofuels, BBD, advanced biofuels and total renewable fuel.

The annual obligations for producers are called RVO which set the amount of renewable fuels the refiners must blend into their fossil fuel mix. An RVO is determined by multiplying the output of the producer by the EPA's announced blending ratios for cellulosic biofuels, bio-mass based diesel, advanced biofuels and total renewable fuel. In order to comply with the RFS, diesel and gasoline refiners and importers either blend renewable fuels into the U.S. supply of transportation fuel or buy renewable fuel credits to meet the minimum percentage of renewable fuel production annually under the RVO. The EPA has historically published an RVO target each November for the amount of renewable fuel gallons for the following year. In November 2020, the U.S. EPA missed its statutory deadline to set the 2021 RVOs under the RFS, as well as the 2021 RVO for biomass-based diesel. Although the RFS renewable volume obligations for 2021 have yet to be released, RIN prices have been increasing.

For every gallon equivalent of renewable fuel created, a RIN is issued to the producer which can then be sold to a third party that has to retire the credit in order to remain compliant under the RFS program (such as a fuel refiner). Cellulosic or D3 RINs can be generated by RNG produced through the conversion of organic matter and used as renewable fuel including landfill gas, anaerobic digester gas and sewage waste treatment. One MMBtu of RNG represents approximately 11.7 D3 RINs. D3 RINs create an additional revenue stream for the developers of RNG assets as they provide an additional cash revenue stream with no additional capital. A D4 RINs can be generated by HDRD produced through the conversion of soybean oil, used cooking oil, distillers corn oils and animal fats. One gallon of HDRD represents approximately 1.7 D4 RINs. D4 RINs create an additional revenue stream for the developers of HDRD assets as they provide an additional cash revenue stream with no additional capital.

The below table lists the various types of biomass based diesel, RNG, ethanol which are recognized by the EPA and the corresponding RIN compliance categories.

RIN Compliance

RNG Source	RNG Type	GHG Savings (%)	RIN Compliance Eligibility
Landfill Gas	Cellulosic Biofuel	60%	D3, D5, D6
Dairy / Swine Farms	Cellulosic Biofuel	60%	D3, D5, D6
Waste Water	Cellulosic Biofuel	60%	D3, D5, D6
Soybean / Canola / Waste Oil or Animal Fats	Biomass-Based Diesel	50%	D4, D5, D6
Sugar-Cane Based Ethanol	Advanced Biofuel	50%	D5, D6
Corn-Based Ethanol	Renewable Fuel	20%	D6

Source: RFS regulations.

RIN compliance is nested, such that cellulosic biofuel and biomass-based diesel are part of the advanced mandate, and the advanced mandate is part of the renewable mandate. Cellulosic biofuel is further subdivided into “cellulosic biofuel” and “cellulosic diesel”; with both types counting towards the cellulosic mandate, and cellulosic diesel also counts towards the biomass-based diesel mandate.

Historical Pricing of D3, D4, D5, D6, and Cellulosic Waiver Credit (“CWC”) RINs

U \$\$/Credit Year	D3 RINs			D4 RINs		
	Minimum	Average	Maximum	Minimum	Average	Maximum
2016	\$1.33	\$1.93	\$2.65	\$0.70	\$0.91	\$1.25
2017	\$2.45	\$2.78	\$3.05	\$0.78	\$1.01	\$1.18
2018	\$1.91	\$2.29	\$2.61	\$0.32	\$0.53	\$0.91
2019	\$0.49	\$1.15	\$1.89	\$0.32	\$0.47	\$0.65
2020	\$0.80	\$1.49	\$2.13	\$0.37	\$0.64	\$1.02
2021 YTD	\$1.95	\$2.78	\$3.23	\$0.93	\$1.43	\$2.04

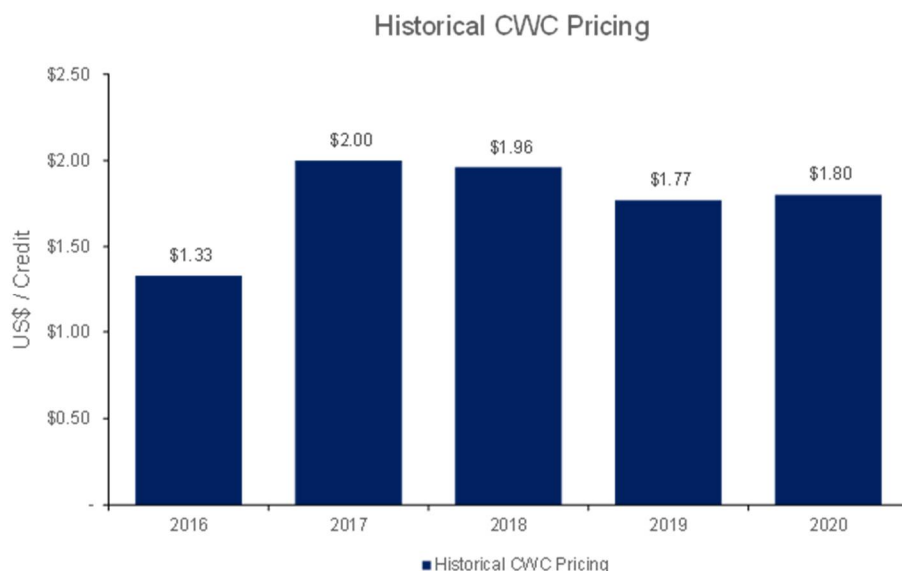
U \$\$/Credit Year	D5 RINs			D6 RINs			CWC RINs Published
	Minimum	Average	Maximum	Minimum	Average	Maximum	
2016	\$0.69	\$0.89	\$1.24	\$0.63	\$0.82	\$1.09	\$1.33
2017	\$0.77	\$0.99	\$1.16	\$0.34	\$0.70	\$0.99	\$2.00
2018	\$0.29	\$0.51	\$0.89	\$0.07	\$0.31	\$0.71	\$1.96
2019	\$0.30	\$0.46	\$0.64	\$0.09	\$0.17	\$0.27	\$1.77
2020	\$0.36	\$0.63	\$1.01	\$0.14	\$0.44	\$0.79	\$1.80
2021 YTD	\$0.92	\$1.42	\$2.03	\$0.76	\$1.34	\$1.99	n/a

Source: Argus Media, <https://direct.argusmedia.com>, accessed June 2020

In the event that Tidewater Renewables makes certain qualified sales of renewable diesel and/or renewable natural gas in the United States, the Company would be entitled to earn RINs on the associate volumes by selling the forecasted renewable diesel production and forecasted RNG production in the United States with the RINs embedded in the purchase price or through monetizing the RINs separately in the open market.

Production of cellulosic biofuels has not developed at the pace envisioned in the RFS program, creating a shortage of supply of cellulosic D3 RINs to meet blending requirements. When production volumes do not meet mandated volume obligations, instead of blending cellulosic biofuel, the EPA allows Obligated Parties to satisfy the RFS compliance obligation through the purchase of CWCs plus D5 RINs or the sole purchase of D3 RINs. D3 RIN prices are therefore a derivative of D5 RINs and CWCs with the D3 RIN price equal to the D5 RIN Price plus the CWC less a market discount. CWC prices are set annually as the greater of (i) \$0.25 or (ii) \$3.00 (as adjusted annually for inflation) less the average wholesale price of gasoline for the most recent 12-month period of data available as of September 30 prior to the calendar year in question. CWC prices are and typically published by the EPA each November, with an announced CWC price for 2020 of \$1.80. The value of a D3 RIN is therefore a derivative of the market price for D5 RINs and CWCs, which in turn are inversely linked to the wholesale price of gasoline. Given that the CWC price is fixed by statutory formula in advance of each calendar year, D3 RIN price changes are determined by fluctuations in D5 RIN prices or changes in the market discount.

Historical CWC Pricing



Source: EPA (January 2020), Assessment and Standards Division Office of Transportation and Air Quality, Cellulosic Waiver Credit Price Calculation for 2020.

Blenders Tax Credit (“BTC”)

BTC applies to a bio-based diesel blender that is registered with the IRS and may be eligible for a tax incentive in the amount of US\$1.00 per gallon of pure biodiesel, agri-biodiesel, or renewable diesel blended with petroleum diesel to produce a mixture containing at least 0.1% diesel fuel. Only blenders that have produced and sold or used the qualified biodiesel mixture as a fuel in their trade or business are eligible for the tax credit. This incentive originally expired on December 31, 2017, but was retroactively extended through December 31, 2022, by Public Law 116-94. Furthermore, BTC has expired on a number of occasions since 2004 and been retroactively reinstated.

On May 17, 2021, a new bill was introduced for Biodiesel, Renewable Diesel and Alternative Fuels Extension Act of 2021, which would extend and phase down the existing tax credits for these fuels.³⁰ The bill, H.R. 3272, aims to extend the existing 40A tax credit for biodiesel and renewable diesel through the end of 2025. The credit would be maintained at its existing US\$1.00 per gallon value through the end of 2022, and phase down to US\$0.75 per gallon in 2023 and US\$0.50 per gallon in 2024 and 2025.

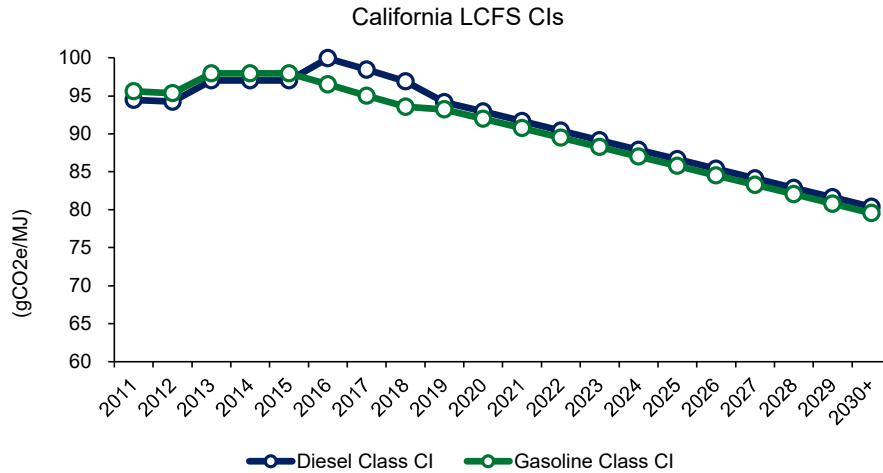
California Low Carbon Fuel Standard

Established in 2009, the CA LCFS is the first state-level low-carbon initiative aimed at encouraging the use and production of low-carbon fuels in order to reduce GHG emissions. The CA LCFS requires producers of petroleum-based fuels to reduce the CI of their products, beginning with a quarter of a percent in 2011, a 10% total reduction in 2020, and a 20% reduction from 2010 levels by 2030. Petroleum importers, refiners and wholesalers can either develop their own low-carbon fuel products or buy CA LCFS credits from other

³⁰ Source: <https://costa.house.gov/media-center/press-releases/costa-valadao-introduce-biodiesel-renewable-diesel-and-alternative-fuels>.

companies that develop and sell low-carbon alternative fuels, such as biofuels, electricity, natural gas or hydrogen.

CA LCFS CI Compliance Standards for Diesel and Gasoline



Source: CA LCFS regulation, title 17, CCR, sections 95480-95503.

Under the CA LCFS, various low-carbon transportation fuel pathways receive approved modeled CI scores by CARB based on the level of GHG emissions across the lifecycle of conversion to a low-carbon fuel. The lifecycle includes the processing, production, transportation, and use of the pathway for each specific biofuel. The number of CA LCFS credits received for the use of a certain pathway is calculated by taking the difference between the pathway’s CI score and CARB annual CI benchmark for gasoline or diesel (depending on the end use of the fuel). Revenue from the CA LCFS program is based on the number of credits received for the use of a certain pathway as a low-carbon transportation fuel and the then-current CA LCFS trading price.

CA LCFS Credit Price History

CA LCFS Credit Prices - US\$/Credit			
Year	Minimum	Average	Maximum
2016	\$55.00	\$100.18	\$127.00
2017	\$69.50	\$88.95	\$113.00
2018	\$112.00	\$168.35	\$200.00
2019	\$176.00	\$196.73	\$209.50
2020	\$168.00	\$200.05	\$218.50
2021 YTD	\$173.00	\$190.05	\$201.00

Source: Argus Media, <https://direct.argusmedia.com>, accessed June 2020

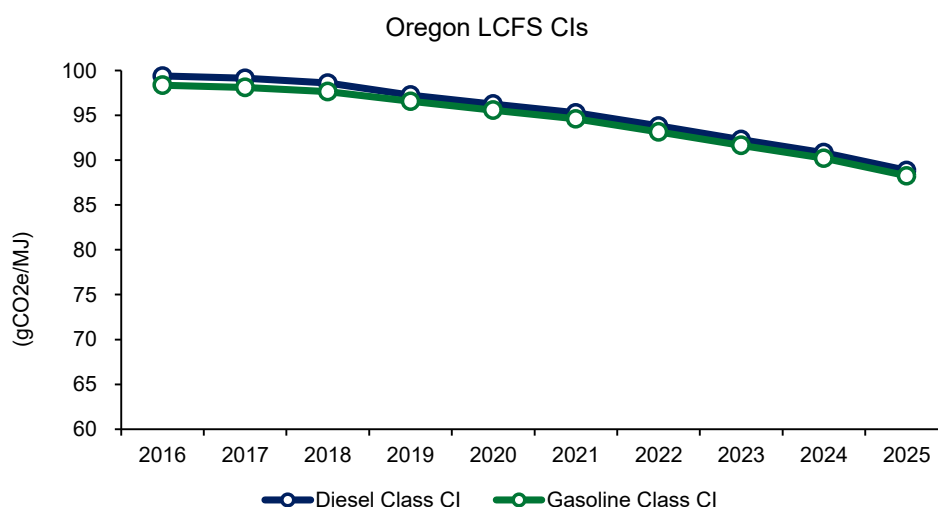
Tidewater Renewables can choose to capture the value of the CA LCFS Credits by selling the forecasted renewable diesel production, forecasted renewable natural gas production and forecasted renewable hydrogen production to a consumer with the CA LCFS Credits embedded in the purchase price or through monetizing the credits separately in the open market.

Other Low-Carbon Initiatives

Oregon LCFS³¹

In 2009, the State of Oregon passed legislation to adopt its CFP, which requires a 10% reduction in average CI from 2015 levels by 2025. The program was fully implemented beginning in 2016. In March 2020, Oregon's Governor signed Executive Order No. 20-04, directing the Oregon Department of Environmental Quality to amend the CFP target to a 20% reduction in average CI from 2015 levels by 2025 and a 25% reduction below 2015 levels by 2030. Department of Environmental Quality rulemaking in response to the executive order has been delayed by a lawsuit challenging the executive order. As of December 2018, California and Oregon were the only two states that had passed low-carbon initiatives related to RNG though several other states have been exploring the adoption of similar programs and are expected to pass legislation for implementation over the next several years.

Oregon LCFS CI Compliance Standards for Diesel and Gasoline



Source: Oregon LCFS.

Oregon LCFS Credit Price History

Oregon LCFS Credit Prices - US\$/Credit			
Year	Minimum	Average	Maximum
2016	n/a	n/a	n/a
2017	\$44.00	\$48.64	\$60.00
2018	\$45.00	\$80.74	\$130.00
2019	\$130.00	\$154.94	\$173.00
2020	\$110.00	\$130.05	\$156.00
2021 YTD	\$122.50	\$125.75	\$127.50

³¹ Source: Other than as noted, Oregon Clean Fuels Program and Greenhouse Gas Reporting Program, Oregon Fuels Reporting System, <https://www.oregon.gov/deq/ghgp/cfp/Pages/Clean-Fuels-Online.aspx>, accessed June 2020.

Source: Argus Media, <https://direct.argusmedia.com>, accessed June 2020.

Tidewater Renewables can choose to capture the value of the Oregon LCFS Credits by selling the forecasted renewable diesel production, forecasted renewable natural gas production and forecasted renewable hydrogen production to a consumer with the Oregon LCFS Credits embedded in the purchase price or through monetizing the credits separately in the open market.

Washington LCFS³²

On April 25, 2021, the Washington State directed the Department of Ecology to create a clean fuels program by the start of 2023, with a mandate for a 20% reduction in CI of transportation fuels by 2038 and specific interim steps ranging from 0.5% to 1.5% per year. The legislation exempts fuels that are sold outside Washington, as well as fuels used in aviation, railroads, watercraft, and military and agricultural applications. Washington's CFP will include a system of credits that can be bought and sold so that entities that do not otherwise meet GHG limits can achieve compliance by purchasing credits from other entities that have generated GHG reductions greater than needed for their own compliance.

Potential New York LCFS

On January 6, 2021, the New York State Senate introduced bill A862A to establish a clean fuel standard. Such standard is intended to reduce CI from the on-road transportation sector by 20% by 2030, with further reductions to be implemented based upon advances in technology.³³

Potential Colorado LCFS

On January 14, 2021, Colorado released its Greenhouse Gas Pollution Reduction Roadmap. The Roadmap represents the most action-oriented, ambitious and substantive planning process that Colorado has ever undertaken on climate leadership, pollution reduction and a clean energy transition. It lays out an achievable pathway to meet the state's science-based climate targets of 26% by 2025, 50% by 2030 and 90% by 2050 from 2005 levels that were part of House Bill 19-1261 Climate Action Plan to Reduce Pollution.³⁴

Potential Minnesota and Other LCFS

On March 11, 2021, the Minnesota Legislature introduced Bill HF 2083 to establish a clean fuels standard (CFS) that would require a 20 percent reduction in the CI of transportation fuel sold within the state by 2035 when compared to a 2018 baseline.³⁵

In addition, there are several U.S. state legislatures at various stages of considering LCFS policies. See "*Business of the Company — Company Overview*", for a map thereof.

Impact of Regulations to Tidewater Renewables

Renewable Diesel

Based on the outlined incentives above and current values of incentives, the illustrative renewable diesel sale values (comprised of the diesel sale price and government incentives that producers receive) in

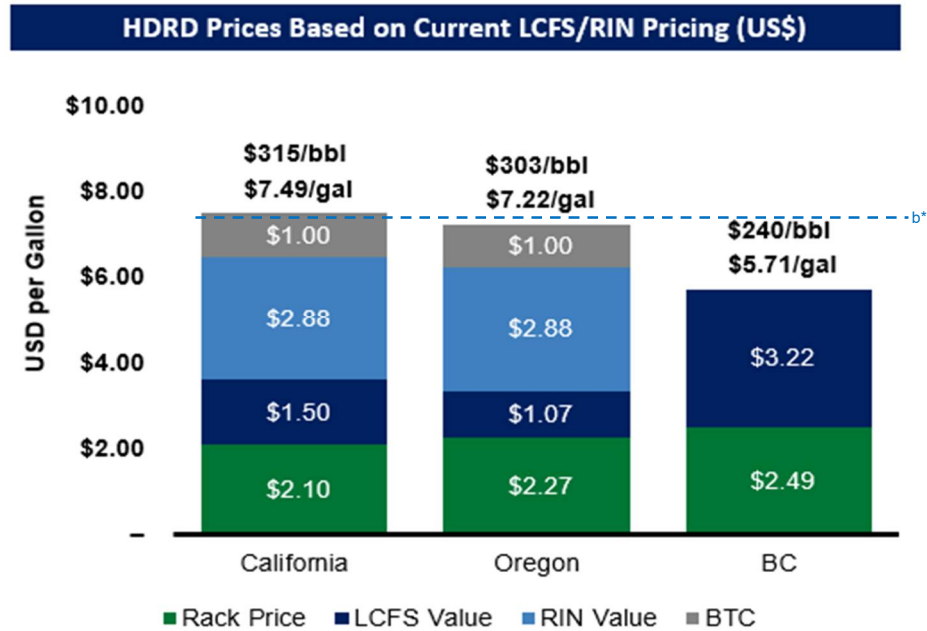
³² Source: Washington State Legislature, HB 1091 - 2021-22, Reducing greenhouse gas emissions by reducing the carbon intensity of transportation fuel (as of June 30, 2021).

³³ Source: <https://www.nysenate.gov/legislation/bills/2021/A862>.

³⁴ Source: <https://energyoffice.colorado.gov/climate-energy/ghg-pollution-reduction-roadmap>.

³⁵ Source: <https://www.revisor.mn.gov/bills/bill.php?f=HF2083&y=2021&ssn=0&b=house>

California, Oregon, and British Columbia are currently US\$7.49 per gallon, US\$7.22 per gallon, and US\$5.71 per gallon, respectively.

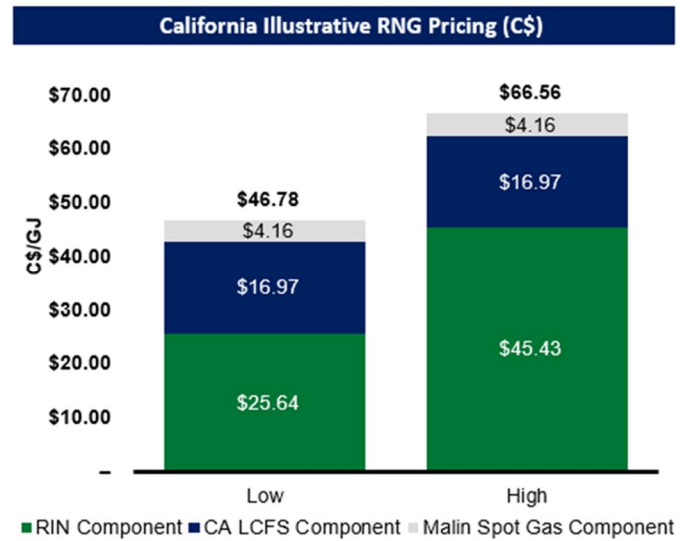
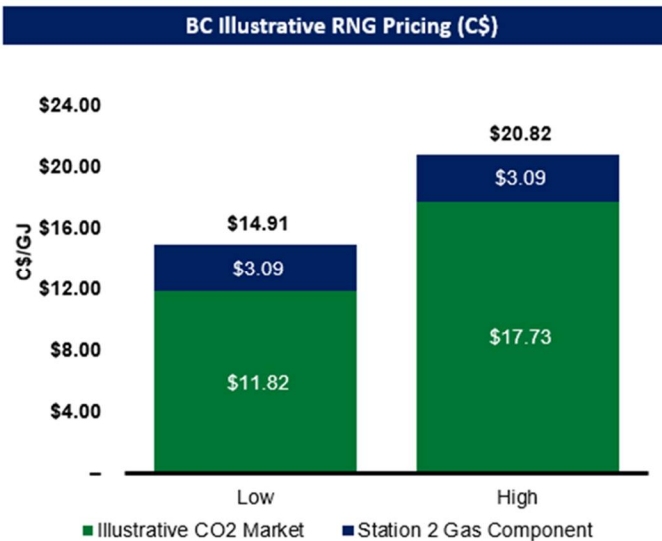


Assumptions and Notes:

- (1) California: LCFS Credit Value: US\$188.00; CI 30.00; RIN Value US\$1.70.
- (2) Oregon: LCFS Credit Value: US\$126.50; CI 30.00; RIN Value US\$1.70.
- (3) BC: LCFS Credit Value: \$410.15; CI 15.00; FX Rate: \$1.23 (USD/CAD).
- (4) RIN/LCFS values sourced from Argus Media as of June 22, 2021; BC LCFS values from posted values on LCFS website as of May 31, 2021.
- (5) b* denotes the average HDRD bid price for delivered product into PGR (US\$310.39 per bbl or approximately US\$7.39 per gallon).

Renewable Natural Gas

Based on the outlined incentives above and current values of incentives, the illustrative renewable natural gas sale values (comprised of the brown gas price and government incentives that producers receive) in California and British Columbia are currently \$46.78–\$66.56 per GJ and \$14.91–\$20.82 per GJ, respectively.



California Assumptions:

- (1) Low: CA LCFS Credit Value: US\$188.00; CI 0.0; D5 RIN Value US\$1.69; Malin Spot Price US\$3.38/GJ; FX Rate: \$1.23 (USD/CAD).
- (2) High: CA LCFS Credit Value: US\$188.00; CI 0.0; D3 RIN Value US\$2.99; Malin Spot Price US\$3.38/GJ; FX Rate: \$1.23 (USD/CAD).
- (3) RIN/LCFS values sourced from Argus Media as of June 22, 2021.

BC Assumptions:

- (1) Low: CO₂ Abatement Cost \$200.00; CI 0.0; Station 2 Spot Price \$3.09/GJ.
- (2) High: CO₂ Abatement Cost \$300.00; CI 0.0; Station 2 Spot Price \$3.09/GJ.

A key development in BC’s RNG program occurred in March 2017, when the provincial government introduced amendments to a regulation that empowered FortisBC to acquire more RNG. Under the regulation, FortisBC can acquire RNG subject to a price cap of \$30 per GJ and a supply cap of up to 5% of FortisBC’s load in 2015. At \$30 per GJ, RNG is competitive with the cost of clean electricity in British Columbia. With the regulation in place, FortisBC was able to acquire significantly more RNG.³⁶

BUSINESS OF THE COMPANY

Company Overview

Tidewater Renewables has been formed to become a multi-faceted, energy transition company. The Company intends to focus on the production of low carbon fuels, including renewable diesel, renewable hydrogen and renewable natural gas, as well as carbon capture through future initiatives. The Company was created in response to the growing demand for renewable fuels in North America and to capitalize on its potential to efficiently turn a wide variety of renewable feedstocks (such as tallow, used cooking oil, distillers corn oil, soybean oil, canola oil and other biomasses) into low carbon fuels.

Tidewater Renewables’ objective is to become one of the leading Canadian renewable fuel producers. The Company intends to pursue this objective through the ownership, development, and operation of clean fuels

³⁶ Source: https://www2.gov.bc.ca/assets/gov/environment/climate-change/action/cleanbc/cleanbc_2018-bc-climate-highlights.pdf.

projects and related infrastructure utilizing existing proven technologies. Tidewater Renewables intends to supply low carbon fuels to investment grade offtakers, existing customers, government entities, First Nations groups and others in the transportation, utilities, refining, marketing, power and other industries. See “*Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Counterparty Credit Risk*”, “*Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Dependence on the Operations of Counterparties and Contractual Arrangements*” and “*Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Reliance on Counterparty Activity*”.

Tidewater Renewables intends to pursue a growth strategy focused on building out its three proposed operating business units: (i) renewable diesel, (ii) renewable hydrogen, and (iii) renewable natural gas, with carbon capture used as appropriate across the business units. The Company intends to focus on expanding its renewables asset portfolio and maximizing its logistics reach throughout North America. Organically, Tidewater Renewables will seek to leverage the existing infrastructure and engineering expertise of Tidewater Midstream regarding the development of the Company’s portfolio of greenfield and brownfield capital projects as well as the expansion of the Company’s product offerings. See “*Risk Factors — Renewable Energy Risks*” and “*Risk Factors — New Project and Growth Risks*”.

In order to create the fully functioning standalone business of Tidewater Renewables, pursuant to the Acquisition, Tidewater Renewables will acquire certain pre-existing operating assets from Tidewater Midstream that will provide an initial platform for the renewable diesel, renewable hydrogen, and renewable natural gas business units. These Acquired Assets include existing logistics (existing loading, unloading and rail assets for feedstock coming in and renewable fuels going out at PGR), processing activities (existing processing capacity and hydrogen production required for the co-processing projects at PGR), storage (tankage for storage and blending for renewable diesel at PGR and storage reservoirs for renewable natural gas located at BRC), and utilities that will facilitate the operation of the renewable fuels growth projects as they come on line. See “*Acquired Assets*”.

The initial growth projects are for the production of renewable diesel at PGR, via: (i) the Canola Co-Processing Project (canola-based) and the FCC Co-Processing Project (wood-based biocrude) that Management expects to come online in Q4 2021 and during the next scheduled turnaround at PGR in Q2 2023, respectively, and (ii) the Renewable Diesel & Renewable Hydrogen Complex that Management expects to be online in Q1 2023.

Additional projects in the renewable natural gas and renewable hydrogen business units are in the planning stages (one manure based RNG project and one wood-waste based RNG project); as well as hydrogen in Alberta. Each project will be brought forward as appropriate. Tidewater Renewables is also evaluating a SAF project, either as an addition to the Renewable Diesel & Renewable Hydrogen Complex or as a standalone facility. The combination of the acquired existing assets and growth projects is expected to create a fully functioning renewables business leveraging existing operational assets from within Tidewater Midstream which will be acquired by the Company.

The ability to fully substitute renewable diesel for regular diesel (Management believes there is no technical maximum blend wall for renewable diesel as compared to other substitute renewable fuels) creates a significant market for renewable diesel, which will be the primary product initially produced by Tidewater Renewables. Management believes the demand for diesel in central and Northern BC (where Tidewater Renewables’ renewable diesel production is located) is in excess of current locally-produced supply and has, as a result, caused this area to have the highest diesel prices in North America. Accordingly, Management expects that there will be significant demand for the renewable diesel produced by Tidewater Renewables both locally and more broadly. The substitution of renewable diesel for regular diesel produces up to a 90% reduction in CI for the diesel user making the use of renewable diesel an effective way to meet the increasing carbon reduction requirements (depending on type of feedstock, CI methodology and production process). As Management expects regulations related to carbon production and the associated penalties/incentives to also be increasing; as well as, increasing voluntary carbon reduction initiatives are

being undertaken, management believes that the current demand and pricing for renewable diesel is favourable looking forward.

Management believes that the strategic locations of Tidewater Renewables' planned production assets and anticipated logistics capabilities provide it with the opportunity to maximize revenue by creating high-value products and selling them in regulatory incentivized markets. The Company expects renewable diesel demand to increase as environmental regulations tighten each year and new regulations and systems are put into place.

The majority of Tidewater Renewables assets, including 100% of the planned renewable diesel production assets, are located in British Columbia and in relatively close proximity to California, Oregon and Washington, which are current jurisdictions in Canada and the U.S. that have LCFS legislation in place.

The existing Acquired Assets will initially operate primarily under long-term take-or-pay contracts exclusively with Tidewater Midstream. Management expects the Acquired Assets to generate approximately \$40 million of Run Rate EBITDA in total with a majority of such Run Rate EBITDA derived from take-or-pay contracts and from select other non take-or-pay activities. Management expects the take-or-pay contracts will have a weighted average of ten to 15 years. Tidewater Renewables intends to grow the revenue and EBITDA from the existing Acquired Assets from the inception of the Company. See "*Run Rate EBITDA and Capital Expenditures Outlook for the Acquired Assets, Co-Processing Projects and Renewable Diesel & Renewable Hydrogen Complex*", "*Notice to Investors — Non-GAAP Financial Measures*" and "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating Environment*".

In addition to the existing Acquired Assets, and upon completion of the Offering, Management expects the growth projects to generate incremental earnings as they come online between 2021 and 2023. Management anticipates the largest current growth project, the Renewable Diesel & Renewable Hydrogen Complex, to generate approximately \$90–95 million of EBITDA in 2023 on a full year run rate basis, based on certain assumptions for input costs, operating costs and end product revenues. Management expects the Canola Co-Processing Project to come online in Q4 2021 to generate approximately \$5 million of EBITDA in 2022 on a full year run rate basis, based on certain assumptions for input costs, operating costs and end product revenues. Management expects the FCC Co-Processing Project to come online in 2023 to generate approximately \$6 million of EBITDA in 2023 on a full year run rate basis, based on certain assumptions for input costs, operating costs and end product revenues. See "*Run Rate EBITDA and Capital Expenditures Outlook for the Acquired Assets, Co-Processing Projects and Renewable Diesel & Renewable Hydrogen Complex*", "*Notice to Investors — Non-GAAP Financial Measures*", "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating Environment*".

The Company is also progressing other projects in the renewable natural gas and renewable hydrogen business that it expects to move forward as appropriate and subject to funding. The Company is not providing run rate EBITDA amounts for such projects at this time.

The British Columbia government is providing 284,884 BC LCFS Credits for the construction of the Renewable Diesel & Renewable Hydrogen Complex and the FCC Co-Processing Project, which management expects will provide approximate \$110 million of anticipated value based on a BC LCFS credit price of \$375 (or approximately a 9% discount to the 2021 YTD average of \$410 per credit). These credits are released based on certain capital and construction milestones, where the Company would then look to monetize the credits and recover the related capital costs. The combination of this provincial government funding, the proceeds available under the Credit Facility, the anticipated cash generated by the business, and other financing sources as appropriate is anticipated to provide the required funding to execute the build of the Renewable Diesel and Renewable Hydrogen Complex as well as the FCC Co-Processing Project. See "*Credit Facility*", "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating Environment — Run Rate EBITDA Outlook*", "*Risk Factors — Renewable Energy Risks — Development and Operation of Individual Renewable Energy Projects (Including Cost Overruns)*", "*Risk*

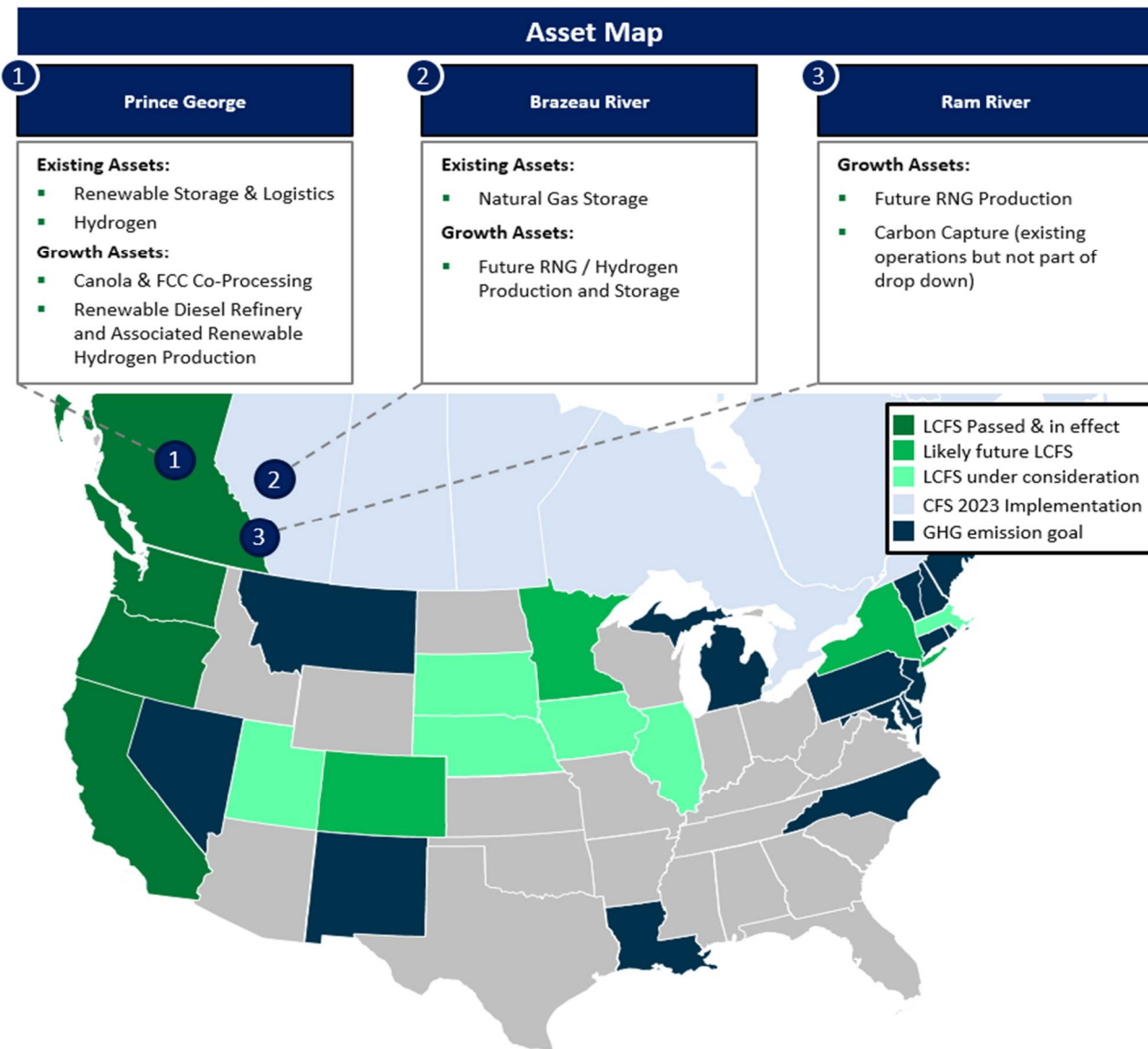
Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Price of BC LCFS Credits”, and “Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Capital Required for Business Objectives and Milestones, Including Renewable Diesel & Renewable Hydrogen Complex”.

Complementary to the Acquired Assets, Tidewater Renewables intends to pursue an acquisition strategy that will identify and target energy transition and logistics assets located in North America, which are both complementary to its existing business as well as in complimentary businesses, such as feedstock and logistics networks. The Company’s acquisition strategy is expected to target assets that could be enhanced through in-house expertise and will focus on vertically integrating the Company’s renewable fuels business units.

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

Acquired Assets

Upon completion of the Acquisition, Tidewater Renewables’ initial assets will be the Acquired Assets, which (i) are currently operating, (ii) are expected to generate stable EBITDA via take-or-pay contracts, and (iii) will facilitate the ongoing renewable fuels business of the entity. As shown on the map below, the Acquired Assets and the new projects are all located in, or in close proximity to, the current most advantageous markets in North America for renewable fuels given existing clean energy programs.



See “Acquired Assets”.

Summary of Capital Projects and Products

In addition to the Acquired Assets, the Company plans to own and operate a network of co-processing, renewable diesel, renewable hydrogen, and renewable natural gas facilities in North America. See “Acquired Assets” for details on these Capital Projects.

The Company expects to use the net proceeds of the Offering to fund a portion of the \$180 million cash component of the purchase price for the Acquired Assets. See “Formation of the Company — The Acquisition” and “Use of Proceeds”.

The Company expects to rely on a combination of (i) undrawn amounts under the Credit Facility, (ii) cash flow generated by the sale of BC LCFS Credits which Tidewater Renewables expects to earn upon satisfaction of certain construction milestones related to both the FCC Co-Processing Project and the Renewable Diesel & Renewable Hydrogen Complex (which BC LCFS Credits are also earned upon

operation of such projects and sales of renewable fuels pursuant thereto), (iii) cash flow generated by the Acquired Assets and by its various capital projects as they come online, and (iv) and other potential sources of financing as appropriate, for working capital, to fund the development of the capital projects and for general corporate purposes. Upon Closing of the Offering and completion of the Acquisition, the Company expects to complete the Renewable Diesel & Renewable Hydrogen Complex, the FCC Co-Processing Project and Canola Co-Processing Project (the Canola Co-Processing Project does not require additional capital) using the sources described in this paragraph. If the aggregate gross proceeds of the Offering are greater than \$125 million then, depending on the amount of such proceeds, the Company will evaluate and prioritize its other growth projects (the RNG Anaerobic Digester Project and Gasifier Project) using the surplus sources of funds described in this paragraph. See “*Business of the Company — Business Objectives and Milestones*” and “*Use of Proceeds*”.

The following Run Rate EBITDA and capital expenditures outlook was prepared by Management using assumptions with an effective date as of the date hereof. **There can be no assurance that the assumptions reflected in the Run Rate EBITDA and the capital expenditures outlook will prove to be accurate. Actual results may vary from the amounts disclosed and those variations may be material. Presentation of Run Rate EBITDA excludes certain expense items, such as the impact of non-cash compensation, and such presentation is not intended to be a substitute for historical IFRS measures of operating performance or liquidity. The Run Rate EBITDA and capital expenditures outlook is subject to material risks, uncertainties and contingencies. Important factors that could cause actual results to vary materially from those disclosed include those set out under “*Risk Factors*”, “*Forward-looking Statements*” and “*Run Rate EBITDA and Capital Expenditures Outlook for the Acquired Assets, Co-Processing Projects and Renewable Diesel & Renewable Hydrogen Complex*”.**

	Project Name	Term	Nameplate Capacity	Gross Capex (\$MM)	Net Capex (\$MM)	Run Rate EBITDA (\$MM)	CI Reduction ⁹	ISD	Feedstock	Primary End Product
Growth Projects	Canola Co-Processing (Attached to PGR, BC) ¹	Near-term	300 bbl/d	\$10	\$nil ²	\$5 ³	80-90%	Q4 2021	Canola	Renewable Diesel
	FCC Co-Processing (Attached to PGR, BC) ¹	Medium-term	300 bbl/d	\$10	\$7 ⁴	\$6 ⁵	80-90%	Q2 2023	Wood Waste	Renewable Diesel
	Renewable Diesel & Renewable Hydrogen Complex ^{1,8} (Co-located at PGR, BC)	Medium-term	3,000 bbl/d RD 10 MMcf/d H2 (or 23.7 MT/d)	\$225 (mid-point)	~\$122 ⁶	\$90-\$95 ⁷	RD: 80-90% H2: 65-75%	Q1 2023	UCO, DCO, Tallow, Canola, & Soybean	Renewable Diesel; Renewable Hydrogen
Other Growth Projects	Anaerobic Digester (Alberta)	Medium to Long-term	200 GJ/d	\$10	\$10	To be confirmed	>100%	To be confirmed	Various Feedstocks Including Manure	Renewable Natural Gas
	Gasifier (Alberta)	Medium to Long-term	4,000 GJ/d	\$60	\$60	To be confirmed	>100%	To be confirmed	Wood Waste	Renewable Natural Gas

Notes:

- (1) BC Part 3 Agreement entered into between Tidewater Midstream and the director under the BC LCFS. The Company anticipates that the HDRD and FCC Co-Processing Project Part 3 Agreements will be assigned to Tidewater Renewables prior to completion of the Acquisition.
- (2) Canola Co-Processing Project capital expenditures have been fully funded by the Government of British Columbia pursuant to the Canola Co-Processing Part 3 Agreement, which agreement provides for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain Canola Co-Processing Project milestones, which Tidewater Midstream is able to sell.
- (3) In its first full year of operations following start-up in 2021, the 300 bbl/d Canola Co-Processing Project is expected to average 95% utilization. For illustrative project purposes, Tidewater Renewables has utilized recent market information for renewable diesel offered for sale in British Columbia with average price of approximately US\$7.40 per gallon or C\$380 per barrel. Applying a conservative 25% market discount yields approximately \$285 per barrel of combined revenues. Using forward prices for renewable diesel feedstock and expected operating costs of approximately \$240 per barrel, the project is expected to average an EBITDA of approximately \$45 per barrel of output. See *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Canola Co-Processing Project”*.
- (4) FCC Co-Processing Project capital expenditures are shown net of approximately \$3.4 million in funding from the Government of British Columbia pursuant to the FCC Co-Processing Project Part 3 Agreement that, upon assignment to Tidewater Renewables from Tidewater Midstream, provides for the issuance of BC LCFS Credits to Tidewater Renewables upon satisfaction of certain FCC Co-Processing Project milestones (estimated based on a BC LCFS credit value of \$375). See *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — FCC Co-Processing Project”* for details regarding the anticipated BC LCFS Credits regarding the FCC Co-Processing Project.
- (5) In its first full year of operations following start-up in 2023, the 300 bbl/d FCC Co-Processing Project is expected to average 95% utilization. For illustrative project purposes, Tidewater Renewables has utilized recent market information for renewable diesel offered for sale in British Columbia with average price of approximately US\$7.40 per gallon or C\$380 per barrel. Applying a conservative 25% market discount and a 15% quality discount yields approximately \$225 per barrel of combined revenues. For greater clarity, the FCC Co-Processing Project is expected generate a lower realized price as a result of the lower renewable gasoline and renewable diesel yields. Applying an expected forward price for biocrude feedstock and expected operating costs of \$170 per barrel, the project is expected to average an EBITDA of approximately \$55 per barrel of output. See *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — FCC Co-Processing Project”*.
- (6) Renewable Diesel Capital Project capital expenditures are shown net of approximately \$103.4 million in funding from the Government of British Columbia pursuant to the Renewable Diesel Project Part 3 Agreement that, upon assignment to Tidewater Renewables from Tidewater Midstream, provides for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain Renewable Diesel Project milestones (estimated based on a BC LCFS credit value of \$375). See *“Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Renewable Diesel Project”* for details regarding the anticipated BC LCFS Credits regarding the Renewable Diesel Project.
- (7) In its first full year of operations following start-up in 2023, the 3,000 bbl/d Renewable Diesel Project is expected to average 95% utilization. For illustrative project purposes, Tidewater Renewables has utilized recent market information for renewable diesel offered for sale in British Columbia with average price of approximately US\$7.40 per gallon or C\$380 per barrel. Applying a conservative 25% market discount yields approximately C\$285 per barrel of combined revenues. Using forward prices for renewable diesel feedstock and expected operating costs of approximately \$200 per barrel, the project is expected to average an EBITDA of approximately \$85 per barrel of output. Tidewater Renewables also expects to have excess renewable hydrogen capacity that the Corporation plans to monetize to third parties and/or to Tidewater Midstream. The Company’s base assumption is that it will be able to monetize approximately 2,750 mcf/d of renewable hydrogen at an estimated EBITDA margin of approximately \$8.00–10.00 per mcf and link any offtake contracts

to recovery of feedstock and operating costs. See “Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Renewable Diesel Project”.

- (8) Renewable Hydrogen Project’s capital expenditures are captured within the Renewable Diesel Project’s capital expenditures; no incremental capital is required. The Renewable Diesel Project and the Renewable Hydrogen Project are being built by Tidewater Midstream and will continue to be built by the Company as one project. The Renewable Diesel & Renewable Hydrogen Complex is the facility resulting from the Renewable Diesel Project and the Renewable Hydrogen Project.
- (9) CI Reduction for Growth Projects is based on BC CI methodology.

Business Objectives and Milestones

The Company expects to rely on a combination of (i) undrawn amounts under the Credit Facility, (ii) cash flow generated by the sale of BC LCFS Credits which Tidewater Renewables expects to earn upon satisfaction of certain construction milestones related to both the FCC Co-Processing Project and the Renewable Diesel & Renewable Hydrogen Complex (which BC LCFS Credits are also earned upon operation of such projects and sales of renewable fuels pursuant thereto), (iii) cash flow generated by the Acquired Assets and by its various capital projects as they come online, and (iv) and other potential sources of financing as appropriate, for working capital, to fund the development of the capital projects and for general corporate purposes.

The primary business objectives that the Company expects to accomplish using the anticipated funds available to it over the periods indicated below are as follows:

Business Objectives and Milestones (000,000s)	Timeline	Anticipated Cost (Low) ⁽⁴⁾	Anticipated Cost (High) ⁽⁴⁾	Approximate Costs incurred by end of July 2021
Completion of Canola Co-Processing Project⁽¹⁾				
<i>Construction & Commissioning</i>	Q4 2020–Q3 2021	N/A	N/A	
<i>Commercial Operation</i>	Q4 2021	Nil	Nil	
		N/A	N/A	\$5
Completion of FCC Co-Processing Project⁽²⁾				
<i>Feasibility / FEED / Detailed Design</i>	Q2 2021–Q2 2022	\$1.0	\$1.0	
<i>FID / Procurement</i>	Q4 2020–Q4 2022	\$3.5	\$3.5	
<i>Construction & Commissioning</i>	Q1 2023–Q2 2023	\$5.5	\$5.5	
<i>Commercial Operation</i>	Q2 2023	Nil	Nil	
		\$10.0	\$10.0	\$0
Completion of Renewable Diesel & Renewable Hydrogen Complex⁽³⁾				
<i>Feasibility / FEED / Detailed Design</i>	Q3 2020–Q3 2021	\$8.0	\$10.0	
<i>Receive Rezoning Permit</i>	Q3 2021	N/A	N/A	
<i>FID / Procurement</i>	Q3 2021–Q3 2022	\$95.0	\$105.0	
<i>Receive Building Permit</i>	Q1 2022	N/A	N/A	
<i>Receive Environmental Permit</i>	Q1/Q2 2022	N/A	N/A	
<i>Construction & Commissioning</i>	Q2 2021–Q1 2023	\$112.0	\$120.0	
<i>Commercial Operation</i>	Q1 2023	Nil	Nil	
		\$215.0	\$235.0	\$25
	Total	\$225.0	\$245.0	\$30

Note:

- (1) As of July 31, 2021, Tidewater Midstream will have incurred approximately \$5 million of costs related to the Canola Co-Processing Project, and a further \$5 million of heat exchangers upgrades to be installed at the next scheduled turnaround for PGR in Q2 2023 will be borne by Tidewater Midstream. Canola Co-Processing Project capital expenditures have been fully funded by the Government of British Columbia pursuant to the Canola Co-Processing Part 3 Agreement, which agreement provides for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain Canola Co-Processing Project milestones, which Tidewater Midstream is able to sell. See *“Acquired Assets — Renewable Diesel Capital Projects — Canola Co-Processing Project”*.
- (2) See *“Acquired Assets — Renewable Diesel Capital Projects — FCC Co-Processing Project”*.
- (3) See *“Acquired Assets — Renewable Diesel Capital Projects — Renewable Diesel Project”* and *“Acquired Assets — Renewable Hydrogen Capital Project”*.
- (4) Represents Management’s best estimate of anticipated costs as of the date hereof. See *“Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Capital Required for Business Objectives and Milestones, Including Renewable Diesel & Renewable Hydrogen Complex”*.

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

Company Feedstocks and Other Inputs

The Company intends to produce low carbon fuels such as renewable diesel, renewable hydrogen, and renewable natural gas. The Company’s renewable diesel and renewable hydrogen will be primarily produced from a wide variety of low-carbon feedstocks, including distillers corn oil, used cooking oil, inedible animal fats and wood-based biocrude (as in the case of its FCC Co-Processing Project). The Company also intends to produce renewable diesel from virgin vegetable oils, such as soybean oil or canola oil, which tend to be higher in price. The Company believes its ability to process a wide variety of feedstocks in its Renewable Diesel and Renewable Hydrogen Complex provides the Company with a cost advantage over many renewable diesel producers because of the flexibility to respond to changes in feedstock pricing as well as being less reliant on higher cost virgin vegetable oils. The Company’s renewable natural gas projects, if and when undertaken, will primarily utilize animal manure and wood waste feedstock, which will be sourced from strategic locations surrounding the projects.

Management is currently in discussions with many potential feedstock suppliers, including those with domestic and international operations. The majority of these suppliers are the direct producers of the various feedstocks or global trading entities, where Tidewater Midstream has executed non-binding memorandums of understanding for offtake of feedstocks. Upon Closing, Tidewater Renewables will continue these discussions and work towards executing definitive agreements for such feedstocks with such suppliers.

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

Risk Management

The prices for feedstocks and clean fuels (renewable diesel, renewable hydrogen, and renewable natural gas) as well as the value of associated government incentives, can be volatile and not always closely

correlated. Low carbon feedstocks are particularly difficult to risk manage given that such feedstocks are not traded in any public futures market. To manage feedstock and clean fuels price risks, the Company plans to utilize fixed price forward contracting, hedging and other risk management strategies, including the use of futures, swaps, options and over-the-counter products as possible.

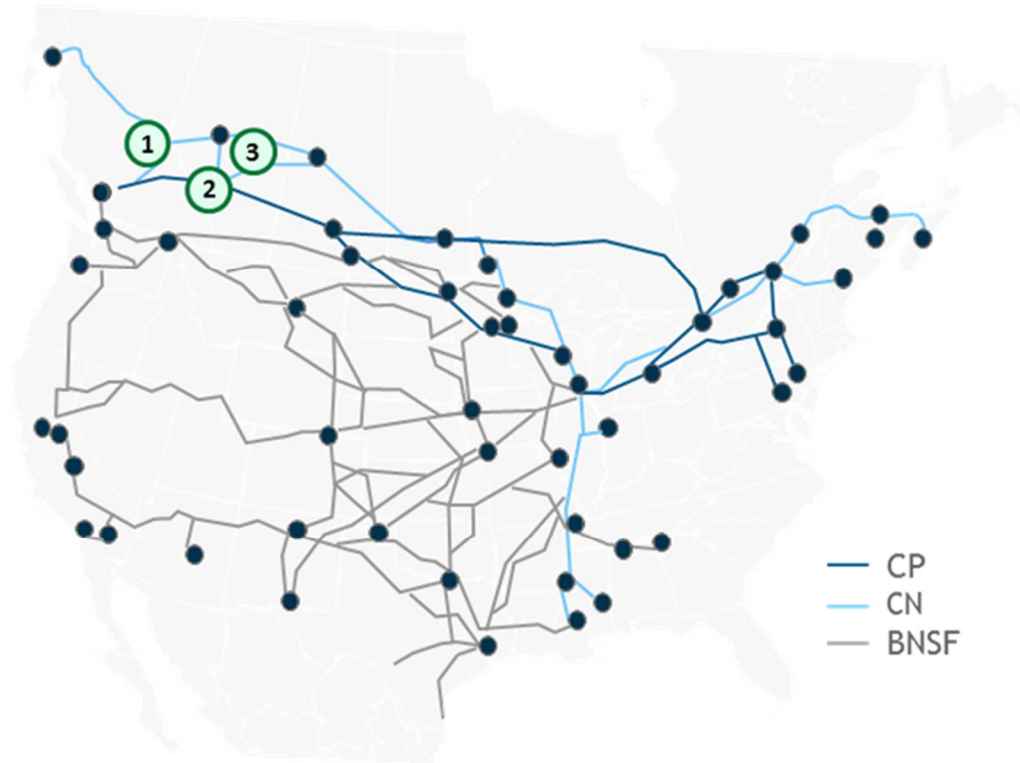
In establishing its risk management strategies, the Company will draw from its own in-house risk management expertise and consult with industry experts. The Company will also utilize research conducted by outside firms to provide additional market information and risk management strategies. The Company believes combining these sources of knowledge, experience and expertise expands its view of the fluctuating commodity markets for raw materials and energy to improve its risk management strategies.

Distribution

The Company plans to establish a distribution system to supply renewable diesel, renewable hydrogen, and renewable natural gas throughout North America utilizing existing rail and truck logistics as well as renewable storage reservoirs and sales connections to TC Energy's natural gas transmission line system. Through the PGR Truck & Rail Rack Interest being acquired pursuant to the Acquisition, the Renewable Diesel and Renewable Hydrogen Complex will have access to the existing PGR on-site rail transloading and truck loading facilities for distribution of renewable diesel as well as a natural gas utility connection for future renewable hydrogen sales. The Company's RNG business unit may leverage existing unit train feedstock loading and unloading capabilities at Tidewater Midstream's Ram River gas plant and various established sales connections for the delivery and distribution of RNG and renewable hydrogen.

Upon closing the Acquisition, Tidewater Renewables will have approximately 300 leased railcars for transportation of renewable diesel and feedstocks. Tidewater Renewables also intends to focus on growing its portfolio of leased storage tanks in terminals across North America. In general, the Company's terminal distribution strategy in North America will focus on leasing renewable diesel storage tanks at large chemical product and petroleum fuel terminals so that fuel distributors and other renewable diesel customers can create a desired renewable diesel blend at the terminal before further distribution. At present time there are no signed agreements. The Company envisions terminal contracts with one to five-year terms and with renewal conditions. The Company continues to look for terminal expansion and optimization opportunities across North America.

Tidewater Renewables is able to reach every major market in North America through rail connections to CP Rail, CN Rail and BNSF Railway.



Notes:

- (1) Prince George.
- (2) Ram River.
- (3) BRC.

Investment Highlights

Demand for Renewable Fuels Growing Significantly Due to both Increasing Regulation and Voluntary Consumer Demand

Renewable fuels including Renewable Diesel, Renewable Natural Gas, and Renewable Hydrogen are all expected by Management to be key pieces in the global energy transition economy as the world moves towards a lower carbon footprint. Management believes renewable diesel is 100% substitutable for regular diesel (there is no maximum blend wall for renewable diesel as compared to other substitute renewable fuels) resulting in a significant market. Management believes low substitution costs and reliable performance make renewable diesel adoption an actionable step towards achieving net zero emissions. Governments around the world are legislating the reduction of CI fuels including the US, China, EU, UK, Brazil and Canada. Renewable Hydrogen and Renewable Natural Gas also offer reliability, low switching costs, and can be readily implemented. Tidewater Renewables’ products and offerings further align with long-term ESG goals of end-market consumers including oil and gas producers, natural gas consumers (such as utilities, industrial/power generation), and the broader transportation sector and those in other industries employing voluntary CI reductions like Air Canada, Amazon.com, Inc., Microsoft Corporation, etc. In 2019, Amazon and Global Optimism co-founded The Climate Pledge, a commitment to reach the Paris Agreement 10 years early and be net-zero carbon by 2040. The Climate Pledge now has 108 signatories, including Amazon, IBM, Unilever, PepsiCo, Visa, Verizon, Siemens, Microsoft, and Best Buy.

As these industries reduce GHG emissions, biomass-based diesel demand is projected to increase from less than 1% of liquid biofuels in 2020 to 90% by 2050.³⁷

Increasing Renewable Fuel Supply Incentives, in addition to Consumer Demand, Driving Profitability Opportunity

Led by the provincial and federal governments, Canada has increased its focus in accelerating decarbonization through clean energy mandates as evidenced by the carbon tax increasing from \$40/ton today to \$170/ton in 2030. Favourable regulatory programs incentivizing renewable fuels production to meet CI reduction targets include the BC LCFS program in British Columbia and the upcoming implementation of the Canadian CFS program which management anticipates is expected to be implemented on January 1, 2023. Tidewater Renewables expects to begin to accrue CFS credits through the Company's Canola Co-Processing Project in advance of the effective date of the programs; all other projects are anticipated to be completed subsequent to January 1, 2023 and begin accruing credits thereafter. Management expects existing and expected initiatives to drive significant supply and demand for renewable fuels as carbon-based fuel producers are incentivized to blend clean fuels into existing carbon-based fuel streams. Management believes Tidewater Renewables is uniquely positioned to benefit from the supply incentives available to clean energy fuels through its focus on the production of and ancillary services in renewable diesel, renewable hydrogen, and renewable natural gas. Management believes renewable projects offer significant upside to carbon price increases and the Company's experienced management team will enable the actualization of future growth strategies that generate carbon credits and supply sustainable fuels to a growing market.

Early Mover Advantage: First Renewable Diesel and Renewable Hydrogen Plant in Canada

Tidewater Renewables plans on constructing the first commercial renewable diesel and renewable hydrogen complex in Canada. Tidewater Renewables' Renewable Diesel & Renewable Hydrogen Project will be a stand-alone plant, co-located in Prince George beside existing Tidewater Midstream facilities, focused on 100% renewable feedstock, and will have significant flexibility on processing a variety of renewable feedstocks. Early mover advantage is expected by Management to result in differentiated market share, as the plant can fulfill a material portion of near-term BC demand for renewable diesel at a commercial scale. Tidewater Renewables' ability to build within an existing industrial site with existing permits (which only require modifications and will, in most cases, not require assignment or reissue so long as Tidewater Midstream remains as owner of the PGR and operator of the assets and except for the rezoning of certain lands at PGR to "heavy industrial") is expected by Management to result in lower project costs, drive project economics and result in an abbreviated construction phase to market. The Company is situated in a niche market given BC's lack of local supply and increasing commitment to using low carbon intensive fuels. In addition to the construction of the Renewable Diesel & Renewable Hydrogen Complex, Tidewater Renewables expects that it will leverage existing logistics infrastructure and relationships to market renewable products throughout North America to maximize the value for its products.

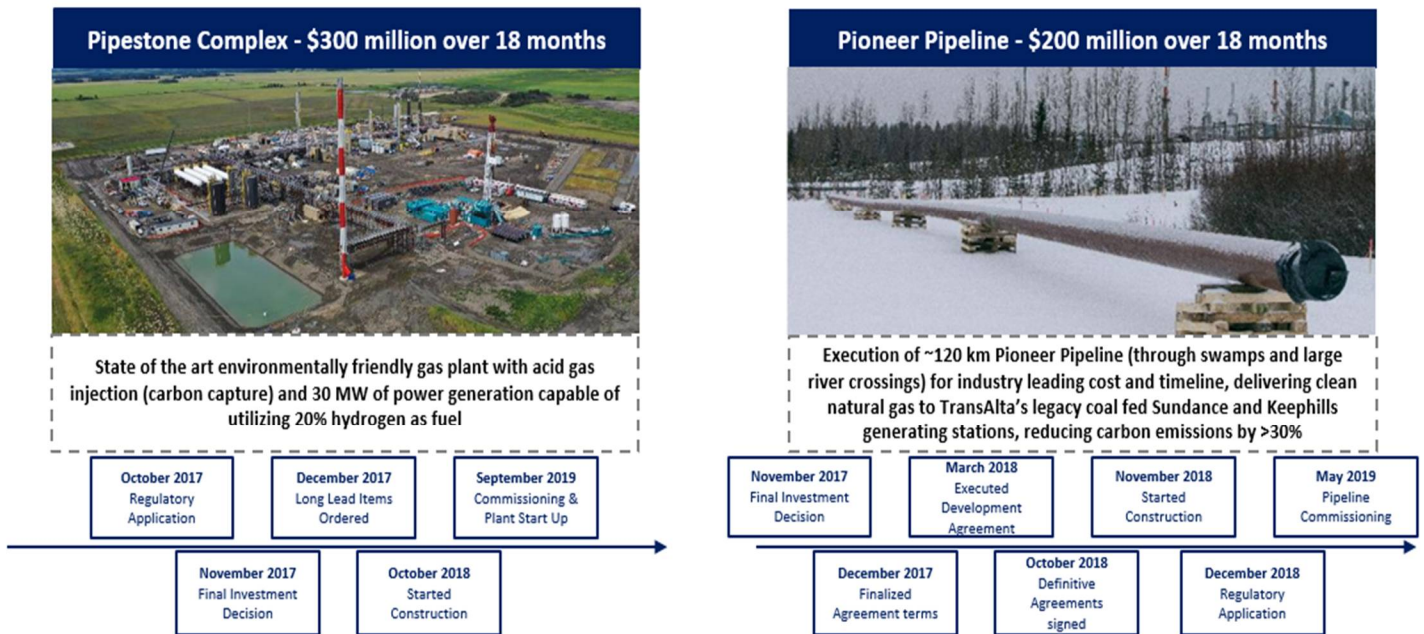
Disciplined Execution and Track Record Completing Large Scale Projects on Budget

Tidewater Renewables will bring an experienced leadership team with a successful track record of greenfield large project execution and relevant backgrounds in logistics, gas storage and processing, carbon and acid gas capture, and oil refining. Since 2015, the leadership team has completed highly complex, large-scale greenfield projects on-time, and on-budget by deploying over \$500 million in capital investments. With a focus on a people-first approach, Management believes that Tidewater Renewables will have the right pieces in place to execute a high-growth, high-return renewable projects strategy.

³⁷ Source: IEA (2021), Net Zero by 2050.

Tidewater Midstream's Pipestone Sour Gas Plant is a state of the art, environmentally friendly facility with acid gas injection (carbon capture) and 30 MW of power generation, capable of utilizing 20% hydrogen as fuel. The facility was designed and constructed to process sour natural gas and natural gas liquids with a high degree of complexity (on-site power generation, waste-heat recovery, and acid gas injection). The Pioneer Pipeline physically connects Tidewater Midstream's Brazeau River Complex to a large new demand source in TransAlta's Sundance and Keephills power plants. Members of Tidewater Renewables' management team completed the 120 km Pioneer Pipeline through swamps and large river crossings. Both of these projects are examples of Management's ability to execute large and complex capital projects.

Tidewater Midstream Track Record of Growth and Large-scale Project Execution



Positioned for Significant Growth via a Deep Portfolio of Organic Projects

Management believes that Tidewater Renewables will have a deep portfolio of organic growth projects at different stages of execution. The growth strategy revolves around leveraging existing infrastructure owned by Tidewater Midstream and in-house operational and engineering expertise to develop projects with a focus on renewable diesel, renewable natural gas, and renewable hydrogen. Management expects growth to materialize through greenfield and brownfield developments, business initiatives to expand market share in connection to ancillary services of producing renewable fuels and potential for future corporate or asset acquisitions.

In support of its growth strategy, Management believes that it has developed and maintained a good working relationship with the provincial and federal governments who recognize Tidewater Midstream's position in the Canadian energy transition industry. Tidewater Renewables anticipates receiving and monetizing approximately \$110 million in government funding through multiple project agreements (including the Renewable Diesel Project Part 3 Agreement and the FCC Co-Processing Project Part 3 Agreement pursuant to which BC LCFS Credits are expected) to develop renewable fuel projects in BC.

Management believes that the Company's early mover advantage in Renewable Diesel provides for a potential parallel first-mover advantage in SAF. Similar to HDRD, SAF is derived from renewable resources and enables a reduction in net life cycle carbon dioxide emissions compared to conventional fuels. SAF is commercially available in the U.S. and has been used by United Airlines at Los Angeles International Airport since 2016 and San Francisco International Airport since 2018. There is currently one U.S. SAF production

facility operating in Los Angeles with several other domestic facilities under construction or planned. Canadian airlines are following suit. In March 2021, Air Canada announced it would invest \$50 million in SAF over the next decade to help reach its interim GHG net reduction goals. Air Canada plans to realize a goal of a 20% reduction in emissions (from a 2019 baseline) by 2030, and to reach net-zero emissions throughout its global operations by 2050. Other commercial Canadian airlines, including WestJet Airlines Ltd. and Air Transat, have announced similar mandates, leaving Tidewater Renewables well-positioned to be a first-mover in the space. PGR is expected to have the ability to manufacture SAF through a bolt-on enhancement requiring incremental capital expenditures and will allow the Company to yield either HDRD or SAF depending on which product is fetching the greatest market price.

Environmental, Social and Governance (ESG)

Tidewater Renewables provides the opportunity to invest in an energy transition vehicle focused on providing strong ESG attributes through the production of renewable fuels. Renewable products will help deliver CI reduction alternatives to a growing demand base across North America. Tidewater Renewables aims to become the largest Canadian renewable fuel producer with ESG being a top priority. Some of the key ESG attributes are highlighted below:

1. Focused on renewable fuels that have significantly reduced CI relative to conventional fossil fuels by more than 80% and over 100% in some cases where use of organic waste products can result in a negative CI.
2. Feedstock strategy will focus on inedible and waste-stream oils such as animal fats, used cooking oil, distiller corn oil as well as wood waste products for its RNG Anaerobic Digester and Gasifier Projects.
3. Focused on socially conscious commerce, community engagement with all local stakeholders and deepening of community relations through various events and corporate sponsorship. Under the Shared Services Agreement with Tidewater Midstream, Tidewater Renewables will leverage Tidewater Midstream's strengthening employee diversity, low employee turnover, and solid health and safety track record providing a safe and secure place of employment.
4. Indigenous communities not connected to the electricity grid rely on GHG emitting diesel generated electricity. Tidewater Renewables is working with certain First Nations groups across Canada, with whom it has established working relationships, to supply clean fuels (including renewable diesel). This is expected to reduce the CI and environmental impact of fuels consumed in these communities.
5. Tidewater Renewables has an experienced and diverse board of directors, consisting of a majority of independent directors acting in the best interest of Tidewater Renewables, of which 25% are women.

Growth Strategy

See "*Risk Factors — Renewable Energy Risks*" and "*Risk Factors — New Project and Growth Risks*".

Developing a Portfolio of Projects Focused on the Renewable Diesel, RNG and Hydrogen Business Units

Tidewater Renewables intends to pursue a growth strategy focused on building out three operating business units: (i) renewable diesel, (ii) renewable hydrogen, and (iii) renewable natural gas. Focus will be placed on expanding its asset portfolio and extending logistics reach throughout North America. Organically, Tidewater Renewables intends to leverage existing infrastructure and engineering expertise of

Tidewater Midstream to develop its portfolio of greenfield and brownfield capital projects to expand the Company's product offering.

Management expects Renewable Diesel & Renewable Hydrogen Complex to be completed at net capital costs to Tidewater Renewables (after BC Government funding) of approximately <1.4x Run Rate EBITDA. See "*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Renewable Diesel Project*".

Canola Co-Processing Project capital expenditures have been fully funded by the Government of British Columbia pursuant to the Canola Co-Processing Part 3 Agreement, which agreement provides for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain Canola Co-Processing Project milestones, which Tidewater Midstream is able to sell. An agreement with the Government of British Columbia is also in place to fund approximately 34% of the FCC Co-Processing Project capital cost in a similar fashion. See "*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Canola Co-Processing Project*" and "*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — FCC Co-Processing Project*".

Additional Growth Opportunities

As Tidewater Renewables evaluates and moves towards final investment decisions on greenfield growth opportunities into future years, the Company expects to target development of new greenfield projects at a capital cost of approximately 4x to 8x Run Rate EBITDA.

Management at Tidewater Renewables has identified over \$1.8 billion of organic greenfield growth projects that are currently at different stages of development.

The following outlook regarding potential long-term growth projects was prepared by Management using assumptions with an effective date as at the date hereof. **There can be no assurance that the assumptions reflected in the outlook regarding potential long-term growth projects will prove to be accurate. Actual results may vary from the amounts disclosed and those variations may be material. Important factors that could cause actual results to vary materially from those disclosed include those set out under "*Risk Factors*". See also "*Forward-looking Statements*". Potential acquisitions will be evaluated on an ongoing basis.**

Renewable Diesel Business Unit - Other Potential Growth Projects

Renewable Gasoline Project

- Capex: ~\$350 million (~5x build multiple)
- Negative carbon intensity (waste products as feedstock)

Renewable Diesel Project #2 / Sustainable Aviation Fuel

- Capex: ~\$300 million (~4-5x build multiple)
- Capable of producing 100% Renewable Diesel or 100% SAF (as well as renewable marine fuel)

Hydrogen Business Unit - Other Potential Growth Projects

Renewable Hydrogen Project #2

Blue Hydrogen / Blue Ammonia with CCS

- Capex: ~\$600 million (~6x build multiple)
- Potentially connect to largest power plant complex in Alberta

CCUS Project and Related Pipeline to large CO₂ emitters with planned 10-15 year PPA

- Capex: ~\$300 million
- Government supportive
- ~8x build multiple depending on government support

RNG Business Unit - Other Potential Growth Projects

Unit Train RNG Facility with CCS

- Capex: ~\$300 million (~5x build multiple)
- Negative carbon intensity (waste products as feedstock)
- Offtake interest from an investment grade counterparty on 10 year basis

Drop-down of additional storage assets

Management targets a capital cost of approximately 2x to 4x Run Rate EBITDA in the evaluation of successful brownfield projects.

Minimize Risk and Costs Via Co-Location with Existing Tidewater Midstream Facilities and Use Of Tidewater Midstream Capabilities

Upon completion of the Acquisition, Tidewater Renewables expects to have a portfolio of greenfield projects that will see the construction of stand-alone Renewable Diesel, hydrogen and RNG projects within the confines of existing Tidewater Midstream industrial sites. Co-location is expected to allow the projects to benefit from reduced capital and operating costs providing a material competitive advantage to other greenfield projects. Tidewater Renewables expects to rely on its engineering and technology partners Stantec Inc. and Haldor Topsøe to minimize construction risk, while also leveraging the Company's management team's experience of executing complex, large-scale projects on-time, and on-budget.

The Company's Brownfield projects are comprised of bolt-on expansions to the Company's current asset portfolio with the goal of enhancing operations. Initiatives include both the Company's canola and FCC co-processing projects located at the PGR, both of which have each garnered substantial government and regulatory support.

Management believes that Tidewater Renewables is well positioned to successfully execute its growth strategy due to the following factors:

- **Existing Infrastructure Ownership Drives Project Returns** — Co-location at the PGR and gas plants within the Tidewater Midstream project portfolio drives economics through reduced upfront capital spending and shared operating costs.

- **Track Record of Project Execution** — The majority owner of the Company has a proven track record of growth and large-scale project execution. Management is able to apply learnings of project development at Tidewater Midstream to pursue renewable energy growth opportunities.

Utilize Proven Technology and Leading Designers and Constructors of Renewable Projects

Tidewater Renewables plans to work with technology providers that the Company believes have proven track records in the applications required for renewable diesel, renewable hydrogen and RNG projects. The Company will also work with leading engineering and construction companies to base project designs on the most suitable equipment and technology for the specific application including site specific requirements, materials and metallurgy selection, pre-treatment facilities, processing facilities, handling, storage, and upgrading. The Company will actively engage in each project's development, construction management, start-up and operation. Tidewater Renewables believes that its management team has a proven track record of project execution in large and complex projects. Management believes this is a key strategic advantage in continuing to grow the business profitably.

Contract Feedstock and Output Production to Maximize Returns

Management believes that Tidewater Renewables is well positioned to successfully execute its growth strategy due to its existing relationships and logistics expertise. Specifically, execution will help to further expand the Company's product offering and strengthen its customer relationships. Tidewater Renewables will look to contract offtake with new and existing customer relationships on all three business units and to maximize the value of the product sold.

Grow the Logistics and Ancillary/Marketing Businesses

Over the next three years, Tidewater Renewables expects to grow and enhance the existing cash flow stream derived from marketing, logistics and ancillary services. At the onset, Tidewater Renewables expects to continue to grow the marketing business through leveraging existing Tidewater Midstream infrastructure, logistics networks and deep customer relationships, as well as a fleet of railcars. Management expects this will include increasing logistics volume throughput, and once operational, providing marketing and storage services to customers of the Renewable Diesel, Renewable Hydrogen and RNG projects.

Add Complementary Assets via Acquisition

Tidewater Renewables intends to identify, and target energy transition and logistics assets located in North America which are complementary to its existing business as well as complimentary businesses such as feedstock and logistics networks. Management expects that its acquisition strategy will target assets that could be enhanced through in-house expertise and will focus on vertically integrating the Company's business units.

Management will evaluate acquisition targets to execute on strategic assets that produce high risk-adjusted return opportunities. Tidewater Renewables is confident in its ability to source and execute deals aided by its network of contacts and transaction sources, ranging from industry executives, private owners, private equity funds and investment bankers. At this time, Tidewater Renewables is not in any substantive direct or indirect discussions regarding acquisitions or business combinations.

Competition

The market for renewable fuels is expected to see unprecedented growth over the coming years as a result of federal and provincial government support and initiatives that incentivize the market to reduce the CI of fuels produced and consumed. Specifically, alternative low carbon fuel sources are set to grow rapidly in

BC with the provincial government mandating CI reductions in the gasoline and diesel sold in the province, which must come from renewable sources. As such, the Company expects competition for market share in all three business units to be intense amongst existing and up-and-coming renewable fuel producers.

Renewable Diesel Competition

As a result of energy market conditions during the first half of 2020, which saw the collapse of select crack spreads throughout North America, many crude refiners have repositioned their infrastructure towards the development of renewable fuels. Renewable Diesel has identical properties to fossil fuel making it a natural selection for many refiners as it is sold to existing customers.

On December 18, 2020, Environment and Climate Change Canada issued the CFS, coming into effect January 1, 2023. The CFS regulation will have an impact on approximately 1.8 million barrels per day of domestic sales, of which motor gasoline and diesel make up 44% and 28%, respectively. CFS is expected to shift the Canadian diesel market to 4–5% Renewable Diesel and will continue to grow over time in order to meet CI reductions.

With total refined product demand in British Columbia estimated at 200 mbb/d a material gap exists between supply and demand for renewable diesel. The mandated reductions in carbon intensities for gasoline and diesel will necessitate refiners in British Columbia to over-blend with renewable diesel to meet compliance in their gasoline and diesel pools (as both ethanol and biodiesel have blend-wall issues).

Parkland Refining (B.C.) Ltd., a subsidiary of Parkland Fuel Corporation, remains the only competing Renewable Diesel producer in British Columbia. Parkland owns and operates a refinery Burnaby, British Columbia, Canada, which currently refines 55,000 bbl/d of crude and synthetic oil into gasoline, diesel, jet fuels, asphalts, heating fuels, heavy fuel oils, butanes, and propane. In 2021, Parkland aims to co-process up to 100 million litres or 1,700 bbl/d of bio-feedstocks, including approximately 1,200 bbl/d of renewable diesel. Furthermore, there is also the potential for renewable diesel production within Alberta; including the potential for co-processing at the Edmonton refining complex or various other locations within Alberta.

Biodiesel is often viewed as a competing fuel to Renewable Diesel given similar feedstocks, however Renewable Diesel holds significant competitive advantages. First, Renewable Diesel does not have a blend wall, meaning Renewable Diesel can be put directly into engines, while biodiesel is subject to blending limitations. Additionally, the oxygen content in biodiesel makes it prone to separation and unsuitable in cold temperatures while Renewable Diesel is not susceptible to this issue.

Tidewater Renewables expects to benefit from having a proven and existing customer base for its renewable diesel product due to existing diesel operations and attractive crack spreads at the PGR.

Hydrogen Competition

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

Canada currently ranks in the top 10 of global hydrogen producers and produces some 3 million tonnes of hydrogen annually for industrial use or approximately 4% of the global total (69 million tonnes per year). Most hydrogen in Canada is produced by the chemical industry from fossil fuels (53%) and the oil and gas sector (47%). Geographically, most hydrogen is produced in Western Canada (76%), followed by Central Canada (17%) and Atlantic Canada (7%).

The majority of hydrogen around the world is produced from fossil fuels (76% from natural gas, 23% from coal). This is known as grey and black hydrogen, respectively. In some cases, hydrogen from fossil fuels is produced in conjunction with carbon capture and storage, meaning that the carbon pollution is captured during production and sequestered, referred to as blue hydrogen. Hydrogen can also be produced from electricity and water using a process called electrolysis. This method does not produce direct emissions but requires electricity. Hydrogen produced from renewable electricity (wind, solar, hydropower, tidal, etc.) is known as green hydrogen.

Upon completion of the Acquisition, Tidewater Renewables will be a producer of grey hydrogen at PGR as well as renewable Hydrogen in 2023; however, the Company remains confident in its ability to further transition into a producer of blue hydrogen given internal expertise and existing carbon capture operations at Tidewater Midstream's BRC and the Ram River gas processing facility. Upon completion, Tidewater Renewables Renewable Hydrogen Plant will be the first of its kind in Canada, scheduled to be online in Q1 2023.

Renewable Natural Gas Competition

The RNG and waste-to-energy space is highly fragmented with many companies now operating in the industry including project developers and equipment or service providers. Tidewater Renewables will compete against other companies or solutions for access to biogas from different waste sources. Evolving regulatory and consumer preferences, waste energy trends, and project economics have a significant effect on the competitive landscape and Tidewater Renewables' ability to continue generating project returns. Utility providers in Canada have aspirations of achieving 10% blended RNG rates by 2030, with FortisBC targeting 15% by 2030.

The Company is aware of several competitors in the U.S. and Canada who will be delivering RNG to market, with the Canadian biogas association reporting 279 projects in Canada. The Company is confident in Tidewater Renewables' ability to effectively market product and navigate regulatory and competitive changes. The large scale of Tidewater Renewables' operations is also attractive to feedstock suppliers looking to lock in large quantity agreements on multi-year terms. In addition, Tidewater Renewables will have access to existing carbon capture reservoirs, large sour gas plants for processing and removal of CO₂ and other impurities, unit train rail loading capabilities, large natural gas sales connections to TC Energy's natural gas transmission line system, and gas storage (which currently moves large volumes of natural gas across North America).

Competition for Feedstock

With the transition to renewable fuels across North America, there will be significant competing demand for high quality feedstocks that can result in material carbon intensity reductions. Tidewater Renewables has been thoughtful around the scarcity of feedstock and has overbuilt and designed the pre-treatment facility to accommodate multiple types of feedstock and sub-grade qualities for its Renewable Diesel project. In addition, the Company is engaged in commercial negotiations to source feedstocks for the production of renewable diesel, renewable hydrogen and RNG and has executed several non-binding memorandums of understanding. It is anticipated that majority of feedstock will be sourced from within Western Canada and opportunistically from other global sources.

Competition for Government Funding

Tidewater Renewables believes that announced anticipated support from both the Canadian Federal and provincial governments will attract new entrants to the clean fuels space attempting to take advantage of available capital. Tidewater Renewables has established a strong working relationship with supportive government bodies and anticipates receiving approximately \$110 million in funding to advance Tidewater Renewables' clean fuel initiatives. The Company is confident that the Company's early mover advantage

coupled with the Company's proven ability to execute on mandated growth projects bodes well for future funding opportunities.

Environmental Regulation and Insurance

Tidewater Renewables is subject to environmental regulation governing the construction and operation of the Acquired Assets, which requires Tidewater Renewables to obtain operating licenses and permits. To ensure compliance, Tidewater Renewables will work closely with local and regional authorities to address all environmental matters and to comply with licensing and permitting requirements.

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

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

Seasonality and Cyclicity

The business of Tidewater Renewables is expected to exhibit some seasonality and cyclicity due to overall consumption patterns of refined products, broad macro-economic activity, and extenuating events. For context, clean fuels such as renewable diesel, renewable natural gas, and renewable hydrogen act as both substitutes and measures to reduce carbon intensities of fossil fuels.

More specifically, demand for diesel products and natural gas tends to be higher in the winter months, which the Company anticipates will correspond with higher demand for renewable diesel, renewable hydrogen, and renewable natural gas sales. In addition, broad economic activity and extenuating events, such as COVID-19, can negatively impact the consumption of fossil fuels. In some cases, consumer preferences and rates of adoption of renewable fuels may partially or completely offset any declines as a result of broad economic declines.

From February through mid-May 2020, roughly 100 countries, states and provinces — mainly in Europe, Asia and North America — implemented full lockdown measures to contain the COVID-19 pandemic, while partial lockdowns were introduced in another 100 jurisdictions. Lockdowns generally lasted from four to ten weeks and were gradually lifted starting in the second half of April 2020. Thanks to these containment measures, the spread of new infections slowed and plateaued globally in April and May.

Although energy demand was significantly affected by pandemic measures in spring 2020, consumption patterns for most fuels have since returned to pre-pandemic levels (with the exception of gasoline and jet fuel). By December 2020, consumption of diesel fuel, natural gas, and electricity generated by burning fossil fuels returned close to 2019 levels, as will have their associated GHG emissions. Going forward, many factors will influence energy demand and GHG emissions in Canada, including the speed and nature of economic recovery, market dynamics, and government policy.

ACQUIRED ASSETS

Upon the completion of the Acquisition, Tidewater Renewables will hold the assets underlying the Renewable Diesel Business Unit, the Renewable Hydrogen Business Unit, and the RNG Business Unit. The remaining working interest, if any, for any Acquired Asset that is not 100% owned by Tidewater Renewables after completion of the Acquisition, will be owned by Tidewater Midstream.

Renewable Diesel Business Unit

The Renewable Diesel Business Unit consists of the Renewable Diesel Assets and the Renewable Diesel Capital Projects.

Renewable Diesel Assets

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

PGR Tankage Assets & Interest

PGR has onsite storage capacity of over one million barrels. Upon completion of the Acquisition, Tidewater Renewables will own a 25% working interest in PGR onsite storage tankage assets, which will be used to store ethanol, biodiesel, renewable diesel, as well as finished blends of fossil and clean fuels.

Railcar Assets

Upon completion of the Acquisition, Tidewater Renewables will assume the leases of approximately 300 rail tank cars, a type of unpressurized general service tank car in common use in North America. Tidewater Renewables will assume the leases regarding approximately 300 railcars. The railcars are leased from Trinity Industries Leasing Company and have an average contract price of approximately US\$1,190 per railcar per month and a remaining contract life of 4.9 years.

Tidewater Renewables will utilize its railcar fleet to transport various feedstocks, renewable products, and finished blends.

PGR Truck & Rail Rack Interest

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

Unifiner Reactor Interest

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

The estimated total cost for the Renewable Diesel & Renewable Hydrogen Complex is \$215–235 million which Tidewater Renewables expects to fund using a combination of BC LCFS Credits as described below (\$103 million), the Credit Facility and other sources as appropriate. As of July 31, 2021, Tidewater Midstream will have incurred approximately \$25 million of costs related to the Renewable Diesel & Renewable Hydrogen Complex. At the option of Tidewater Midstream, Tidewater Renewables will reimburse such costs to Tidewater Midstream in the form of BC LCFS Credits (at market price) and/or cash.

Upon or prior to completion of the Acquisition, Tidewater Midstream intends to assign its interest in the Renewable Diesel Project Part 3 Agreement to Tidewater Renewables. Pursuant to the Renewable Diesel Project Part 3 Agreement, Tidewater Renewables anticipates receiving and monetizing an aggregate of 275,750 BC LCFS Credits upon satisfaction of the following project milestones.

The following table shows the BC LCFS Credits that the Company anticipates receiving as set out in the Renewable Diesel Project Part 3 Agreement.

Designated Action	Approximate Date for Completion	Credits Anticipated
Final Investment Decision	2021	14,276
Early works Construction and Long Lead Equipment	2021	31,418
Detailed Engineering	2022	35,802
Major Equipment and Materials	2022	53,328
Completion of Construction	2022	46,565
Commercial Start-up	2023	59,279
One year of operations	2023	35,082
		275,750

Assuming a future BC LCFS Credit value of \$375 per credit, which is an approximate 9% discount to 2021 YTD BC LCFS Credit prices, Tidewater Renewables anticipates receiving and monetizing an aggregate of approximately \$103 million in BC LCFS Credits (\$113 million based on 2021 YTD values) for the milestones related to the construction of the Renewable Diesel & Renewable Hydrogen Complex — representing approximately 46% of the anticipated total project costs of approximately \$225 million.

Tidewater Midstream is currently amending the existing PGR air permit with BC Ministry of Environment to include new emissions from the Renewable Diesel & Renewable Hydrogen Complex and Management anticipates receiving the amended permit between January and April 2022. Application has been submitted to the City of Prince George to rezone land for the Renewable Diesel & Renewable Hydrogen Complex to “heavy industrial”. Such application is currently with the City’s planning and development department and the Company anticipates that such application will be brought before City Council in July 2021 with potential approval in September 2021. Although PGR property is exempt from city development permit requirements, building permits are necessary to construct buildings for the feed pre-treatment facility and operator control room. Such building permits will be applied for once rezoning is approved and Management anticipates receiving the amended permit between January and March 2022. See “*Risk Factors — Renewable Energy Risks — Development and Operation of Individual Renewable Energy Projects*”.

Work Completed to Date

- Submitted Rezoning Permit Application (December 2020)
- Submitted BC Environmental Permit Pre-Application (December 2020)
- Completed Feasibility Study (December 2020)
- Executed Renewable Diesel Project Part 3 Agreement with BC Government (December 2020)
- Entered Discussions with Several Renewable Diesel Offtakers (January 2021 & Ongoing)
- Completed Tree Clearing (April 2021)
- Selected contractor for engineering and design of HDRD facility (April 2021)
- Selected contractor for engineering and design of pre-treatment facility (April 2021)

- Executed Feedstock MOUs with Five Parties (April 2021 & Ongoing)
- Earthworks Underway (June to October 2021)
- Ordered Certain Long-Lead Items (July 2021)

Remaining Milestones

- Expect to Submit BC Environmental Permit Application (July 2021)
- Completion of the Offering (August 2021)
- Completion of the Credit Facilities and related financing (August 2021)
- Expect to Complete FEED (August 2021)
- Positive final investment decision (August 2021)
- Expect to Receive Rezoning Permit (September 2021)
- Expect to Submit Building Permit Application (September 2021)
- Execution of feedstock contracts (2022)
- Execution of Renewable Diesel offtake agreements (2022)
- Construction and commissioning activities (see table below)

The primary business objectives that the Company expects to accomplish using the anticipated funds available to it over the periods indicated below regarding the Renewable Diesel & Renewable Hydrogen Complex are as follows:

Business Objectives and Milestones	Timeline	Anticipated Cost (Low)	Anticipated Cost (High)
Completion of Renewable Diesel & Renewable Hydrogen Complex⁽¹⁾			
<i>Feasibility / FEED / Detailed Design</i>	Q3 2020–Q3 2021	\$8.0	\$10.0
<i>Receive Rezoning Permit</i>	Q3 2021	N/A	N/A
<i>FID / Procurement</i>	Q3 2021–Q3 2022	\$95.0	\$105.0
<i>Receive Building Permit</i>	Q1 2022	N/A	N/A
<i>Receive Environmental Permit</i>	Q1/Q2 2022	N/A	N/A
<i>Construction & Commissioning</i>	Q2 2021–Q1 2023	\$112.0	\$120.0
<i>Commercial Operation</i>	Q1 2023	Nil	Nil
		\$215.0	\$235.0

Note:

(1) See “Description of the Business — Business Objectives and Milestones”.

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

When the Renewable Diesel & Renewable Hydrogen Complex is completed in Q1 2023, the Company plans on utilizing its existing infrastructure and strong refining presence in BC for the production, distribution and logistics associated with getting the Renewable Diesel to customers. The Company’s plan is to be involved in every aspect of the Renewable Diesel and Renewable Hydrogen value chain, from acquiring feedstock, managing construction, and operating the Renewable Diesel & Renewable Hydrogen Complex to marketing, selling and distributing the Renewable Diesel and associated excess Renewable Hydrogen.

As part of the Company's integrated model, Tidewater Renewables will be procuring feedstocks provincially, nationally, and at times internationally, and converting those natural fats, oils and greases into Renewable Diesel and Renewable Hydrogen. The Company plans on utilizing a wide variety of low-cost and waste-stream feedstocks, including animal fats, used cooking oil and distillers corn oil. At times, the Company may also utilize a smaller portion of its Renewable Diesel / hydrogen production from higher cost virgin vegetable oils.

The consumer use of the produced Renewable Diesel and Renewable Hydrogen is expected to reduce CI and related GHG emissions by approximately 80–90% and 65–75% relative to conventional diesel and natural gas, respectively (based on the CI methodology outlined by British Columbia). The associated CI reductions represent the equivalent of removing approximately 70,000–80,000 vehicles from the road annually. The Company is currently working through additional means to further reduce the CI of the Renewable Diesel and Renewable Hydrogen.

	Conventional	TWMHDRD				
	Diesel Baseline	Canola Oil	Soy Oil	Corn Oil	UCO	Tallow
Total Life-Cycle Carbon Intensity (g CO ₂ eq/MJ)	100	12	18	19	6	13
% Reduction Compared to Conventional Diesel	n.a.	(88%)	(82%)	(81%)	(94%)	(87%)

Canola Co-Processing Project

Upon completion of the Acquisition, Tidewater Renewables will own a 100% working interest in the Canola Co-Processing Project.

The Canola Co-Processing Project is located at the PGR. As of July 31, 2021, Tidewater Midstream will have incurred approximately \$5 million of costs related to the Canola Co-Processing Project, and a further \$5 million of heat exchangers upgrades to be installed at the next scheduled turnaround for PGR in Q2 2023 will be borne by Tidewater Midstream. Tidewater Renewables anticipates that the Canola Co-Processing Project will be put into service in Q4 2021 and operate until the next turnaround at which time the heat exchanger upgrades will occur, currently anticipated in Q2 2023. The Canola Co-Processing Project does not require any additional operating permits and/or licenses prior to entering service.

Although the 100% interest in the Canola Co-Processing Project is anticipated to be transferred to Tidewater Renewables upon completion of the Acquisition, Tidewater Midstream has agreed to maintain carriage of, and bear the costs for heat exchanger upgrades as they will be part of the broader turnaround undertaken at the PGR in Q2 2023; as such the BC Part 3 Agreement related to the Canola Co-Processing Project is not required to be transferred from Tidewater Midstream to Tidewater Renewables.

Tidewater Midstream does not expect to incur any net capital costs for completion of the Canola Co-Processing Project after taking into account the value of the BC LCFS Credits it has received, and the expected value of the BC LCFS Credits it anticipates receiving, regarding satisfaction of the certain corresponding project milestones (which Tidewater Midstream has and will retain). The remaining milestones for this project relate to heat exchanger upgrades to be installed at the next scheduled turnaround for PGR in Q2 2023 (the approximately \$5 million costs of which will be borne by Tidewater Midstream).

In conjunction with the transfer of the Interest in the Canola Co-Processing Project and the Unifiner working interest, Tidewater Renewables will utilize its own Unifiner capacity relating to the 300 bbl/d Canola Co-Processing throughput. The 300 bbl/d canola co-processor blends canola oil as feedstock directly into the Unifiner at PGR to produce renewable diesel.

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

The primary business objectives that the Company expects to accomplish using the anticipated funds available to it over the periods indicated below regarding the Canola Co-Processing Project are as follows:

Business Objectives and Milestones	Timeline	Anticipated Cost
Completion of Canola Co-Processing Project⁽¹⁾		
<i>Construction & Commissioning</i>	Q4 2020–Q3 2021	N/A
<i>Commercial Operation</i>	Q4 2021	Nil
		N/A

Note:

(1) See “Description of the Business — Business Objectives and Milestones”.

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

FCC Co-Processing Project

Upon completion of the Acquisition, Tidewater Renewables will own a 100% working interest in the FCC Co-Processing Project.

The FCC Co-Processing Project is located at the PGR. The project entails new equipment, tankage, and certain upgrades to the FCC to enable bio-crude co-processing. The FCC Co-Processing Project does not require any additional operating permits and/or licenses prior to entering service. Tidewater Renewables anticipates completing the FCC Co-Processing Project during the next scheduled PGR turnaround, currently scheduled for Q2 2023.

The estimated total cost for the FCC Co-processing Project is \$10 million which Tidewater Renewables expects to fully fund using BC LCFS Credits as described below (\$3.4 million), the Credit Facility and other sources as appropriate. As of July 31, 2021, Tidewater Midstream does not anticipate spending any material amounts on this project but in the event thereof Tidewater Renewables will be expected to reimburse Tidewater Midstream.

Upon or prior to completion of the Acquisition, Tidewater Midstream intends assign its interest in the FCC Co-processing Project Part 3 Agreement to Tidewater Renewables. Pursuant to the FCC Co-processing Project Part 3 Agreement, Tidewater Renewables anticipates receiving and monetizing an aggregate of 9,134 BC LCFS Credits upon satisfaction of the following project milestones.

The following table shows the BC LCFS Credits that the Company anticipates receiving as set out in the FCC Co-Processing Project Part 3 Agreement.

Designated Action	Approximate Date for Completion	Credits Anticipated
Feasibility Study	2021	300
Process Engineering Study	2021	309
Front End Engineering Design (FEED) and Final Investment Decision (FID)	2022	530
Detailed Engineering and Major Equipment / Materials	2023	3,534
Completion of FCC Upgrades to enable Co-Processing	2023	4,417
Commercial start-up of co-processing	2023	44
		9,134

In conjunction with the transfer of the Interest in the FCC Co-Processing Project, Tidewater Midstream and Tidewater Renewables entered into an agreement providing Tidewater Renewables 300 bbl/d throughput through the FCC unit.

Assuming a future BC LCFS Credit value of \$375 per credit which is an approximate 9% discount to 2021 YTD BC LCFS Credit prices, Tidewater Renewables anticipates receiving and monetizing an aggregate of \$3.4 million in BC LCFS Credits (\$3.7 million based on 2021 YTD BC LCFS Credit prices) for the milestones related to the construction of the FCC Co-Processing Project — representing approximately 34% of the total project cost of approximately \$10 million.

Final investment decision for the FCC Co-Processing Project is predicated on the asset generating over \$5 million of annualized EBITDA once it commences operations. Based on the BC CI methodology, the Renewable Diesel and renewable gasoline produced by the FCC Co-Processing Project will have a carbon intensity of approximately 80–90% less than conventional fuels.

The primary business objectives that the Company expects to accomplish using the anticipated funds available to it over the periods indicated below regarding the FCC Co-Processing Project are as follows:

Business Objectives and Milestones	Timeline	Anticipated Cost
Completion of FCC Co-Processing Project⁽¹⁾		
<i>Feasibility / FEED / Detailed Design</i>	Q2 2021–Q2 2022	\$1.0
<i>FID / Procurement</i>	Q4 2020–Q4 2022	\$3.5
<i>Construction & Commissioning</i>	Q1 2023–Q2 2023	\$5.5
<i>Commercial Operation</i>	Q2 2023	Nil
		\$10.0

Note:

(1) See “Description of the Business — Business Objectives and Milestones”.

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

Renewable Hydrogen Business Unit

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

Renewable Hydrogen Assets

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

Steam Methane Reformer

Upon completion of the Acquisition, Tidewater Renewables will own a 100% interest in the Steam Methane Reformer. The Steam Methane Reformer is an asset that is integrated into the current PGR operations and will be utilized for co-processing of various renewable feedstock such as canola and biocrude to produce renewable diesel.

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

Water Treatment & Electrical Facilities Interest

Upon completion of the Acquisition, Tidewater Renewables will own a 50% working interest in the water treatment and electrical facilities at PGR.

The water treatment facility is designed to process water effluent captured onsite with a water treatment plant on the south side of the process area, with typical API oil/water separators and processing in a closed, and nitrogen-blanketed system. Heavy slop from this system is piped to the truck loading racks for removal from site.

The electrical facility includes a 2,000 amp, 4,160 volt bus in Main Electrical Building (MEB) on the south side of the process area, five main Electrical Buildings (EB), as well as other MCC and switchgear areas. The electrical system has been upgraded since 2005, including the MEB and three substations (EB2, EB3, and EB6) which include new buildings, modern switchgear and protection systems. The water treatment and electrical facilities are part of PGR and will also support the operations of the Renewable Diesel and Renewable Hydrogen Complex and Co-Processing Projects. In addition, these facilities are electrically driven and consume power from the local BC Hydro grid, which is 96% derived from clean sources.

Based on the ownership interest in the Renewable Diesel Assets and the Renewable Hydrogen Assets, the net undiscounted asset retirement obligation associated with the such assets is approximately \$8,039,303 (\$1,048,076 discounted at 7.5%).

Renewable Hydrogen Capital Project

The Renewable Diesel Project and the Renewable Hydrogen Project are being built by Tidewater Midstream and will continue to be built by the Company as one project. The Renewable Diesel & Renewable Hydrogen Complex is the facility resulting from the Renewable Diesel Project and the Renewable Hydrogen Project.

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

RNG Business Unit

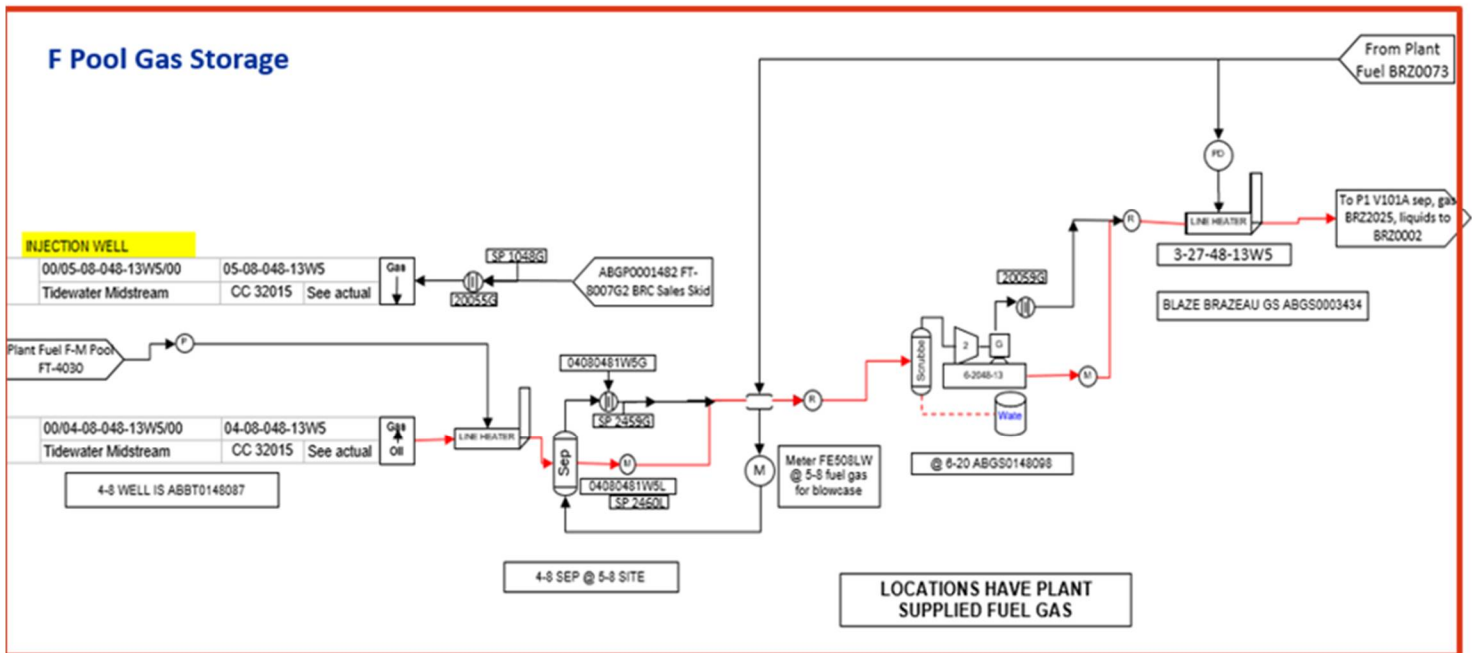
The RNG Business Unit consists of the RNG Assets and the RNG Capital Project.

RNG Assets

The RNG Assets are located at Tidewater Midstream's BRC in Alberta. The RNG Assets will be acquired by Tidewater Renewables and will be expanded to store biogas and become a dominant supplier of RNG to local gas utilities.

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

Diagram of the RNG Assets (Including process flow)



Renewable Storage Reservoir Assets

Upon the later of completion of the Acquisition and approval of the AER, Tidewater Renewables will own a 100% interest in the Renewable Storage Reservoir Assets. The Renewable Storage Reservoir Assets refer to the F-pool storage reservoir at BRC, which has capacity of 32 Bcf and daily injection rate of 30 MMcf/d (through one injection well) and a daily withdrawal rate of 12-15 MMcf/d (through one withdrawal well). In addition to existing natural gas storage operations, F-pool will also be used for storage of RNG and hydrogen.

Based on the ownership interest in the Renewable Storage Reservoir Assets, the net undiscounted asset retirement obligation associated with the two wells is approximately \$318,654 (\$19,906 discounted at 7.5%).

Renewable Storage Infrastructure Assets

Upon the later of completion of the Acquisition and approval of the AER, Tidewater Renewables will own a 100% working interest in the Renewable Storage Infrastructure Assets. The Renewable Storage Infrastructure Assets refer to certain associated infrastructure related to the Renewable Storage Reservoir

Assets, including dedicated injection (14km, 4.5" diameter) and withdrawal (14km, 6" diameter) pipelines, 1,480 horsepower compression site (at 6-20-48-13-W5) and two wells (one injection and one withdrawal).

Based on the ownership interest in the Renewable Storage Infrastructure Assets, the net undiscounted asset retirement obligation associated with the infrastructure assets is approximately \$462,500 (\$28,893 discounted at 7.5%).

RNG Capital Projects

The RNG Capital Projects consist of the Gasifier Project and the Anaerobic Digester Project, each of which projects are still being evaluated.

Gasifier Project

Upon completion of the Acquisition, Tidewater Renewables will own a 100% interest in the Gasifier Project, which project is still being evaluated.

The Gasifier Project is a proposed gasifier that may be constructed at Ram River with nameplate capacity of approximately 1,460,000 GJ per annum. The facility will likely primarily utilize woody biomass to produce RNG and process 13 tonnes per hour.

If pursued, the Gasifier Project is expected to cost approximately \$60 million.

In conjunction with the transfer of the Interest in the Gasifier Project, Tidewater Midstream and Tidewater Renewables entered into an agreement providing Tidewater Renewables a piece of land at Ram River upon which to construct the project and corresponding agreement regarding processing RNG at Ram River.

Once operational and at full capacity, the facility will produce enough RNG to heat on average approximately 16,400 homes per year. The Company's plan is to sell the RNG under long-term offtake agreements with companies involved in the transportation, utilities, refining, marketing, and power industries.

Anaerobic Digester Project

Upon completion of the Acquisition, Tidewater Renewables will own a 100% interest in the Anaerobic Digester Project, which project is still being evaluated.

The Anaerobic Digester Project is a proposed anaerobic digester anticipated to be located Alberta. The facility is anticipated to have a nameplate capacity of approximately 73,000 GJ per annum. The facility will utilize manure to generate RNG.

If pursued, the project is expected to cost approximately \$10 million.

Once operational and at full capacity, the facility will produce enough RNG to heat on average approximately 800 homes per year. Tidewater Renewables' team has extensive experience in the agricultural industry and continues to believe there is large potential to harness agricultural wastes.

RUN RATE EBITDA AND CAPITAL EXPENDITURES OUTLOOK FOR THE ACQUIRED ASSETS, CO-PROCESSING PROJECTS AND RENEWABLE DIESEL & RENEWABLE HYDROGEN COMPLEX

Upon Closing of the Offering and completion of the Acquisition, Tidewater Renewables' initial assets will be the Acquired Assets. Such assets are currently operating and expected to (i) generate stable EBITDA via take-or-pay contracts and (ii) facilitate the ongoing renewable fuels business of the Company.

The Run Rate EBITDA and capital expenditures outlook below has been prepared using assumptions that reflect Management’s intended courses of action for the Acquired Assets, the Canola and FCC Co-Processing Projects (together as “**Co-Processing Projects**”) and the Renewable Diesel & Renewable Hydrogen Complex for the periods noted below and assumptions as to Management’s best estimate of the Run Rate EBITDA and capital expenditures outlook for Acquired Assets, the Co-Processing Projects and the Renewable Diesel & Renewable Hydrogen Complex. The Company’s assumptions in preparing such outlook are set out in the notes below the table. Although many of these assumptions are estimates and are not objectively determinable, the Company believes that the table represents a reasonable estimate of the Run Rate EBITDA and capital expenditures outlook for the periods noted below for Acquired Assets, the Co-Processing Projects and the Renewable Diesel & Renewable Hydrogen Complex.

There can be no assurance that the assumptions reflected in the Run Rate EBITDA and the capital expenditures outlook will prove to be accurate. Actual results may vary from the amounts disclosed and those variations may be material. Presentation of Run Rate EBITDA excludes certain expense items, such as the impact of non-cash compensation, and such presentation is not intended to be a substitute for historical IFRS measures of operating performance or liquidity. The Run Rate EBITDA and capital expenditures outlook is subject to material risks, uncertainties and contingencies. Important factors that could cause actual results to vary materially from those disclosed include those set out under “Risk Factors”. See also “Forward-looking Statements”.

Run Rate EBITDA and Capital Expenditures Outlook for Acquired Assets and the Renewable Diesel & Renewable Hydrogen Complex

(\$000,000s)	Capital expenditure outlook	Run Rate EBITDA outlook upon Closing and completion of the Acquisition	Run Rate EBITDA outlook upon Commercial Operation of applicable Project	Expected ISD
Acquired Assets ⁽¹⁾	-	40	40	Upon Acquisition
Marketing and Logistics	-	-	-	2022
Renewable Diesel & Renewable Hydrogen Complex ⁽²⁾	122	-	90–95	Q1 2023
Canola Co-Processing Project ⁽³⁾	-	-	5	Q4 2021
FCC Co-Processing Project ⁽⁴⁾	7	-	6	Q2 2023

Notes:

- (1) Approximate anticipated Run Rate EBITDA from Acquired Assets is comprised of the following components; there are no other revenue generating contracts between Tidewater Midstream and Tidewater Renewables (See “*Acquired Assets*”):
- (a) *PGR Tankage Assets & Interest* — Tidewater Midstream has agreed to pay a monthly fee to Tidewater Renewables of \$1.50 per barrel on 200,000 bbl/d of capacity and assume any flow-through operating costs (equivalent to \$3.6 million Run Rate EBITDA);
 - (b) *PGR Truck & Rail Rack Interest* — Tidewater Midstream has agreed to pay a fee to Tidewater Renewables of \$0.75 per barrel on 10,000 bbls/d of capacity and assume any flow though operating costs (equivalent to \$2.7 million Run Rate EBITDA);
 - (c) *Unifiner Reactor Interest* — Tidewater Midstream has agreed to pay a fee to Tidewater Renewables of \$16.00 per barrel on 2,250 bbl/d of capacity and assume any flow though operating costs (equivalent to \$13.1 million Run Rate EBITDA);
 - (d) *Steam Methane Reformer* — Tidewater Midstream has agreed to consume the hydrogen produced by the Steam Methane Reformer and in its overall refining process of approximately 4,000 mcf/d for a fee of

approximately \$6.45 per mcf and assume any flow through operating costs (equivalent to \$9.4 million Run Rate EBITDA);

(e) *Water Treatment & Electrical Facilities Interest* — Tidewater Midstream has agreed to pay a fee to Tidewater Renewables for the Water Treatment & Electrical Facilities Interest of approximately \$0.66 per barrel on 11,400 bbl/d of capacity and assume any flow-through operating costs (equivalent to \$2.7 million Run Rate EBITDA); and

(f) *Renewable Storage Reservoir Assets* — Tidewater Renewables has agreed to receive contracted revenue from the Renewable Storage Reservoir as part of the Acquired Assets. Tidewater Midstream has agreed to pay a fee of approximately \$1.40/mcf on 11,400 mcf/d for use of the storage reservoirs in addition to revenue Tidewater Renewables is expected to receive from its existing third-party gas storage customer, of approximately \$2 million (aggregate equivalent to \$8.1 million Run Rate EBITDA).

- (2) Renewable Diesel & Renewable Hydrogen Complex capital expenditures are shown net of approximately \$103.4 million in funding from the Government of British Columbia pursuant to the Renewable Diesel Project Part 3 Agreement that, upon assignment to Tidewater Renewables from Tidewater Midstream, provides for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain Renewable Diesel Project milestones (estimated based on a BC LCFS credit value of \$375). Approximate anticipated Run Rate EBITDA from the Renewable Diesel & Renewable Hydrogen Complex is comprised of the following components:

(a) In its first full year of operations following start-up in 2023, the 3,000 bbl/d Renewable Diesel Project is expected to average 95% utilization. For illustrative project purposes, Tidewater Renewables has utilized recent market information for renewable diesel offered for sale in British Columbia with average price of approximately US\$7.40 per gallon or \$380 per barrel. Applying a conservative 25% market discount yields approximately \$285 per barrel of combined revenues. Using forward prices for renewable diesel feedstock and expected operating costs of approximately \$200 per barrel, the project is expected to average an EBITDA of approximately \$85 per barrel of output. See “*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Renewable Diesel Project*”; and

(b) Tidewater Renewables is expected to have excess renewable hydrogen capacity, which it plans to monetize to third parties and/or to Tidewater Midstream. The Company’s base assumption is that it will be able to monetize approximately 2,750 mcf/d of renewable hydrogen at an estimated EBITDA margin of approximately \$8.00 per mcf and link any offtake contracts for recovery to feedstock and operating costs. See “*Acquired Assets — Renewable Hydrogen Business Unit — Renewable Hydrogen Project*”.

- (3) Canola Co-Processing Project capital expenditures have been fully funded by the Government of British Columbia pursuant to the Canola Co-Processing Part 3 Agreement providing for the issuance of BC LCFS Credits to Tidewater Midstream upon satisfaction of certain Canola Co-Processing Project milestones. In its first full year of operations following start-up in 2021, the 300 bbl/d Canola Co-Processing Project is expected to average 95% utilization. For illustrative project purposes, Tidewater Renewables has utilized recent market information for renewable diesel offered for sale in British Columbia with average price of approximately US\$7.40 per gallon or C\$380 per barrel. Applying a conservative 25% market discount yields approximately \$285 per barrel of combined revenues. Using forward prices for renewable diesel feedstock and expected operating costs of approximately \$240 per barrel, the project is expected to average an EBITDA of approximately \$45 per barrel of output. See “*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Canola Co-Processing Project*”.

- (4) FCC Co-Processing Project capital expenditures are shown net of approximately \$3.4 million in funding from the Government of British Columbia pursuant to the FCC Co-Processing Project Part 3 Agreement that, upon assignment to Tidewater Renewables from Tidewater Midstream, provides for the issuance of BC LCFS Credits to Tidewater Renewables upon satisfaction of certain FCC Co-Processing Project milestones (estimated based on a BC LCFS credit value of \$375). In its first full year of operations following start-up in 2023, the 300 bbl/d FCC Co-Processing Project is expected to average 95% utilization. For illustrative project purposes, Tidewater Renewables has utilized recent market information for renewable diesel offered for sale in British Columbia with average price of approximately US\$7.40 per gallon or C\$380 per barrel. Applying a conservative 25% market discount and a 15% quality discount yields approximately \$225 per barrel of combined revenues. For greater clarity, the FCC Co-Processing Project is expected generate a lower realized price as a result of the lower renewable gasoline and renewable diesel yields. Applying an expected forward price for biocrude feedstock and expected operating costs of \$170 per barrel, the project is expected to

average an EBITDA of approximately \$55 per barrel of output. See “*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — FCC Co-Processing Project*”.

AGREEMENTS WITH TIDEWATER MIDSTREAM AND OTHER COUNTERPARTIES

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

Pursuant to the Purchase and Sale Agreements, Tidewater Renewables acquired the Acquired Assets from Tidewater Midstream for aggregate consideration of \$585 million (including \$180 million in cash and the balance in Common Shares). See “*Formation of the Company — The Acquisition*”.

Management and Employees

The officers of Tidewater Renewables are Joel A. MacLeod, as the Executive Chairman and Chief Executive Officer, Joel K. Vorra, as the President and Chief Financial Officer, Krasen V. Chervenkov, Executive Vice-President, Business Development and Strategy and David A.J. Barva as Corporate Secretary. The Company and Tidewater Midstream have also entered into the Shared Services Agreement pursuant to which Tidewater Midstream provides or arranges for the provision of certain administrative and management services required by the Company, subject to termination in certain circumstances.

Employees of Tidewater Midstream who will be providing general and administrative services to Tidewater Renewables pursuant to the Shared Services Agreement will be the same individuals performing similar services for Tidewater Midstream. Accordingly, Tidewater Renewables expects that it and Tidewater Midstream will achieve certain managerial, administrative, and operational efficiencies, thereby reducing the overall costs associated with managing and operating the business of Tidewater Renewables. It is anticipated that Tidewater Midstream’s knowledge and expertise in relation to the Acquired Assets will contribute to its effective operation and utilization.

Acquisition Agreements

Agreements Relating to the Co-Processing Assets

In conjunction with the purchase of the Co-Processing Assets, the Company and Tidewater Midstream entered into: (i) the Co-Processing PSA; (ii) the Co-Processing CO&O Agreement; and (iii) the Co-Processing Take-or-Pay Agreement.

Co-Processing PSA

Pursuant to the Co-Processing PSA, Tidewater Renewables acquired the Co-Processing Assets from Tidewater Midstream for aggregate consideration of \$● (including \$● in cash and the balance in Common Shares).

The purchase by Tidewater Renewables of the Co-Processing Assets was on an “as is, where is” basis, except for the express representations, warranties and indemnities contained in the Co-Processing PSA.

Subject to certain limitations, the Company and Tidewater Midstream have agreed to be liable to and indemnify each other for claims that may be brought against the other or for losses and liabilities that the other suffers as a result of a breach of a representation or warranty or covenant of such party in the Co-Processing PSA provided that Tidewater Renewables is not liable or required to indemnify Tidewater Midstream in respect of claims or losses and liabilities which are caused by the gross negligence or willful misconduct of Tidewater Midstream or its representatives or for matters or things for which Tidewater Renewables is entitled to indemnification by Tidewater Midstream under the Co-Processing PSA.

In addition, Tidewater Renewables agreed that, subject to certain exceptions, from and after the completion of the Acquisition, it will be liable to and indemnify Tidewater Midstream for all claims or losses and liabilities that Tidewater Midstream suffers, sustains, pays or incurs which arise out of any matter or thing occurring, accruing or arising on and after the closing date of the Acquisition and which relates to the Co-Processing Assets and in respect of all past, present and future environmental liabilities related thereto, provided that a party is not liable for a breach of a representation and warranty in the Co-Processing PSA unless notice of such breach is provided prior to 12 months following the effective date or to the extent the loss is reimbursed by insurance carried by such party.

Co-Processing CO&O Agreement

The Co-Processing CO&O Agreement outlines, among other things, the operating procedure for the PGR, which is the operating procedure contained in the 1999 Petroleum Joint Venture Association (PJVA) Model Construction, Ownership and Operating Agreement, subject to the elections and modification made to such document as stipulated in the Co-Processing CO&O Agreement and as modified to accommodate operation of the PGR. The majority of the modifications are to accommodate the unique operations of the Co-Processing Assets. The purpose of the Co-Processing CO&O Agreement is to document the terms of ownership of the Co-Processing Assets, the allocation of facility costs, provide terms for the operation of the facility and set out the basis upon which a share of the facility products will be allocated and distributed to each person delivering substances to each functional unit within the Co-Processing Assets. Tidewater Midstream and Tidewater Renewables are the only parties to the Co-Processing CO&O Agreement, as they are the only owners of the Co-Processing Assets.

Pursuant to the Co-Processing CO&O Agreement, Tidewater Midstream has been designated as the initial operator of the Co-Processing Assets.

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

Pursuant to the Co-Processing CO&O Agreement, Tidewater Renewables and Tidewater Midstream are responsible for capital and operating costs in proportion to their ownership interest in each functional unit in the Co-Processing Assets. See "*Acquired Assets*".

The Co-Processing CO&O Agreement includes a mutual right of first refusal in the event that an owner seeks to dispose of its interest in the assets subject to the Co-Processing CO&O Agreement. This right of first refusal may impact the parties' ability to sell assets to third parties in the future.

Co-Processing Take-or-Pay Agreement

Pursuant to the Co-Processing Take-or-Pay Agreement, Tidewater Midstream agreed to pay to the Company a fixed fee for each unit of inlet substance for capacity and/or services in connection with the Co-Processing Assets, whether or not such substances are actually delivered, subject to the Co-Processing CO&O Agreement, with such amounts representing the Company's share of ownership of the Co-Processing Assets.

Pursuant to the Co-Processing Take-or-Pay Agreement, each of the Company's and Tidewater Midstream's proportionate share of the operating and maintenance capital costs of ownership of the applicable Co-Processing Assets shall be governed by the Co-Processing CO&O Agreement.

Under the Co-Processing Take-or-Pay Agreement, the Company has agreed, during each year of the term of the agreement, to deliver prescribed capacity and or related services in connection with the Co-Processing Assets in which Tidewater Midstream has a beneficial ownership interest. The take-or-pay volume commitment shall include annual and monthly capacity commitments, in exchange for a fixed fee paid by Tidewater Midstream. The determination of the capacity commitments shall be made in accordance with a formula based upon capacity amounts, number of days in the year, estimated number of non-operating days in the year, and the estimated number of force majeure days in the year, as applicable. Adjustments will be applied to the first invoice of each calendar year in respect of the previous calendar year.

The Co-Processing Take-or-Pay Agreement is for an initial term of 15 years.

Both the Company and Tidewater Midstream have the right to audit the books, records, and accounts of the other party with respect to payments made to the Company and deductions taken from the volumes received, for up to 24 months following the end of each applicable year.

Upon completion of the Acquisition, the full text of the Co-Processing PSA will be available on SEDAR at www.sedar.com under the Company's profile.

Agreements Relating to the RNG & Hydrogen Storage Assets

In conjunction with the acquisition of the RNG & Hydrogen Storage Assets, the Company and Tidewater Midstream entered into: (i) the RNG & Hydrogen Storage PSA; (ii) the RNG & Hydrogen Storage Operating Agreement; and (iii) the RNG & Hydrogen Storage Take-or-Pay Agreement.

RNG & Hydrogen Storage PSA

Pursuant to the RNG & Hydrogen Storage PSA, Tidewater Renewables acquired the RNG & Hydrogen Storage Assets from Tidewater Midstream for aggregate consideration of \$● (including \$● in cash and the balance in Common Shares).

The purchase by Tidewater Renewables of the RNG & Hydrogen Storage Assets was on an "as is, where is" basis, except for the express representations, warranties and indemnities contained in the RNG & Hydrogen Storage PSA.

Subject to certain limitations, the Company and Tidewater Midstream have agreed to be liable to and indemnify each other for claims that may be brought against the other or for losses and liabilities that the other suffers as a result of a breach of a representation or warranty or covenant of such party in the RNG & Hydrogen Storage PSA provided that Tidewater Renewables is not liable or required to indemnify Tidewater Midstream in respect of claims or losses and liabilities which are caused by the gross negligence or willful misconduct of Tidewater Midstream or its representatives or for matters or things for which Tidewater Renewables is entitled to indemnification by Tidewater Midstream under the RNG & Hydrogen Storage PSA.

In addition, Tidewater Renewables agreed that, subject to certain exceptions, from and after closing of the Acquisition, it will be liable to and indemnify Tidewater Midstream for all claims or losses and liabilities that Tidewater Midstream suffers, sustains, pays or incurs which arise out of any matter or thing occurring, accruing or arising on and after the closing date of the Acquisition and which relates to the Co-Processing Assets and in respect of all past, present and future environmental liabilities related thereto, provided that a party is not liable for a breach of a representation and warranty in the RNG & Hydrogen Storage PSA unless notice of such breach is provided prior to 12 months following the effective date or to the extent the loss is reimbursed by insurance carried by such party.

RNG and Hydrogen Storage Operating Agreement

Pursuant to the RNG & Hydrogen Storage Operating Agreement, the Company and Tidewater Midstream outline, among other things, the operating procedure for the RNG & Hydrogen Storage Assets, which utilizes the operating procedure contained in the 2003 Petroleum Joint Venture Association (PJVA) Model Contract Wells/Facilities Operating Agreement, subject to the elections and modification made to such document as stipulated in the RNG & Hydrogen Storage Operating Agreement. The purpose of the RNG & Hydrogen Storage Operating Agreement is to govern the conduct of operations of the RNG & Hydrogen Storage Assets, the allocation of responsibilities between Tidewater Midstream and Tidewater Renewables, and the fees related thereto. Tidewater Midstream and the Company are the only parties to the RNG and Hydrogen Storage Operating Agreement.

RNG & Hydrogen Storage Take-or-Pay Agreement

Pursuant to the RNG and Hydrogen Storage Take-or-Pay Agreement, Tidewater Midstream agreed to pay the Company a fixed fee for capacity and/or services in connection with one or more of the RNG & Hydrogen Storage Assets, subject to the RNG & Hydrogen Storage Operating Agreement with such amounts representing 100% of the Company's ownership share of the RNG & Hydrogen Storage Assets.

Pursuant to the RNG & Hydrogen Storage Take-or-Pay Agreement, each of the Company's and Tidewater Midstream's proportionate share of the operating and maintenance capital costs of ownership of the applicable RNG and Hydrogen Storage Assets shall be governed by the RNG & Hydrogen Storage Operating Agreement.

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

The RNG & Hydrogen Storage Take-or-Pay Agreement shall continue for the life of the reserves associated with the lands or until such time as the Company's area is suspended for a time period of at least two consecutive years or when Tidewater Midstream deems the area dedication not able to economically and competitively produce.

Both the Company and Tidewater Midstream have the right to audit the books, records, and accounts of the other party with respect to payments made to the Company and deductions taken from the volumes received, for up to 24 months following the end of each applicable year.

Third-Party Storage Agreement

In combination with the acquisition of the RNG & Hydrogen Storage Assets, upon Closing and completion of the Acquisition, Tidewater Midstream intends to assign the Company all of its rights and interests in the Third-Party MSA.

Pursuant to the Third-Party MSA, Tidewater Renewables and a third party will effect certain transactions related to the RNG Assets to be owned by Tidewater Renewables and operated by Tidewater in accordance with the RNG and Hydrogen Storage Operating Agreement.

Upon completion of the Acquisition, the full text of the RNG & Hydrogen Storage Acquisition Agreements will be available on SEDAR at www.sedar.com under the Company's profile.

Shared Services Agreement

In conjunction with the Acquisition, the Company and Tidewater Midstream intend to enter into the Shared Services Agreement pursuant to which Tidewater Midstream has agreed to provide or arrange for the provision of certain management and administrative services required by the Company for an aggregate monthly fee initially set at cost plus 5%, and reimbursement of associated out-of-pocket costs and expenses until ●, 202●, subject to earlier termination and subject to extension upon mutual agreement of the Company and Tidewater Midstream.

Upon completion of the Acquisition, the full text of the Shared Services Agreement will be available on SEDAR at www.sedar.com under the Company's profile.

Governance Agreement

In conjunction with the Acquisition, the Company and Tidewater Midstream intend to enter into the Governance Agreement that governs various aspects of their relationship.

Under the Governance Agreement, for so long as the percentage of outstanding Common Shares (on a non-diluted basis) beneficially owned directly or indirectly by Tidewater Midstream is not less than 40% of the issued and outstanding Common Shares, Tidewater Midstream is entitled to nominate such number of members of the Board (each a "**TWM Board Member**") that is equal to the greater of two and 40% of the members of the Board (rounded up or down to the nearest whole number, if applicable). The nominees of Tidewater Midstream to the Board may be directors, officers or employees of Tidewater Midstream or its affiliates, or other persons, at Tidewater Midstream's discretion. Subject to any requirements of the ABCA, Tidewater Midstream is entitled to nominate for appointment or election to the Board a replacement director for any vacancy on the Board, provided Tidewater Midstream remains, at that time, entitled to appoint such director. The Governance Agreement provides that, unless unanimously agreed upon by the Board, at no time shall the number of directors to be elected at a meeting of the shareholders of the Company be fixed at six. The Governance Agreement also provides that if the percentage of outstanding Common Shares beneficially owned directly or indirectly by Tidewater Midstream is less than 40% but greater than or equal to 10%, Tidewater Midstream shall be entitled to nominate its proportionate share of the members of the Board (rounded up to the next whole number) based on such percentage.

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

To the fullest extent permitted by law, the Company will indemnify all current and former nominees of Tidewater Midstream appointed to the Board and Board Observers and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle any action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the

Company if he or she: (i) acted honestly and in good faith with a view to the best interests of the Company; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his or her conduct was lawful.

Under the Governance Agreement, the Company has also provided Tidewater Midstream with certain rights to participate in future offerings of securities by the Company. Provided Tidewater Midstream beneficially owns, directly or indirectly, not less than 40% of the issued and outstanding Common Shares (on a non-diluted basis) and subject to limited exceptions, if the Company proposes to, or reasonably anticipates that it will, issue any Common Shares (the “**Offered Securities**”) or other securities convertible into or exercisable or exchangeable for Offered Securities (the “**Convertible Securities**”), the Company will promptly first offer Tidewater Midstream the opportunity to subscribe for and acquire that number of Offered Securities or Convertible Securities equal in amount to Tidewater Midstream’s then outstanding proportionate interest in the Common Shares or any such lesser amount as Tidewater Midstream may elect to subscribe for at the subscription price as determined by the Board. If any of the Offered Securities or Convertible Securities are not subscribed for by Tidewater Midstream within the applicable periods provided for in the Governance Agreement, the Company may proceed to offer such unsubscribed Offered Securities or Convertible Securities within the period of 60 days after the expiration of such applicable period to any person, provided the price at which such Offered Securities or Convertible Securities are issued is not less than the subscription price offered to Tidewater Midstream and the terms of payment for such Offered Securities or Convertible Securities are not more favourable to such person than the terms of payment offered to Tidewater Midstream.

The foregoing rights will also apply to any debt securities or securities convertible into debt securities issued by the Company on the basis that Tidewater Midstream shall be offered the right to subscribe for up to that percentage of the total aggregate principal amount of debt securities or number of securities convertible into debt securities to be issued equal to the percentage of outstanding Common Shares then beneficially owned by Tidewater Midstream. Furthermore, such rights will apply to any Offered Securities or Convertible Securities issued by the Company for proceeds other than cash, including in connection with any acquisition, business combination or similar transaction, and Tidewater Midstream shall be offered the right to subscribe for such number of Offered Securities or Convertible Securities, at a market-based price or price as determined by mutual agreement between Tidewater Midstream and the Board, to entitle Tidewater Midstream to maintain its proportionate ownership of Common Shares, or such lesser amount as Tidewater Midstream may elect. Tidewater Midstream will also be entitled to subscribe for, no more than once per fiscal quarter and at a market-based price or price as determined by mutual agreement between Tidewater Midstream and the Board, such number of additional Common Shares to allow Tidewater Midstream to maintain its proportionate ownership of Common Shares, or such lesser amount as Tidewater Midstream may determine, after giving effect to issuances of Common Shares by the Company pursuant to compensation plans or similar plans.

The Governance Agreement provides that, for so long as Tidewater Midstream beneficially owns not less than 40% of the issued and outstanding Common Shares and subject to certain exceptions, the Company will be required to seek Tidewater Midstream’s prior written consent to: (i) issue any Common Shares, other equity or voting securities of the Company or any Convertible Securities, or to otherwise modify the capitalization of the Company; (ii) undertake a material change in the business of the Company; (iii) increase the size of the Credit Facility, create additional credit facilities, incur alternative indebtedness, in each case in aggregate in excess of \$20 million in any one fiscal year, or make capital expenditures of more than \$500,000 outside of the budget; or (iv) become party to or engage in any hedging, swap, derivative or similar agreements or activities.

For so long as Tidewater Midstream is required to consolidate the results of operations and financial position of, or account for its investment in, the Company, the Company will provide Tidewater Midstream with certain financial information and data with respect to the Company and its business, properties, financial positions, results of operations and prospects, as may reasonably be required by Tidewater Midstream to meet its reporting obligations. In addition, the Company will be obligated to, among other

things: (i) maintain effective disclosure controls and procedures and to comply with applicable securities laws; (ii) provide financial reports to Tidewater Midstream in connection with each meeting of the Board and meeting of the audit committee of the Company; (iii) prepare all financial and other information to be provided by the Company to Tidewater Midstream or filed with any securities regulatory authority, in accordance with applicable securities laws; (iv) consult with Tidewater Midstream as to the timing of any financial guidance in respect of the Company for a current or future period that the Company intends to publish or otherwise make public, and give Tidewater Midstream the opportunity to review the information therein relating to the Company and to comment thereon; (v) provide Tidewater Midstream with drafts of all reports, notices and proxy and information statements to be filed with any securities regulatory authorities and consult with Tidewater Midstream regarding changes thereto, particularly with respect to any changes that would have an effect upon the financial statements, or related disclosure of Tidewater Midstream; (vi) propose for appointment by its shareholders Deloitte unless Tidewater Midstream provides its prior written consent to the appointment of any other party as the Company's auditors, such consent to not be unreasonably withheld; and (vii) cooperate fully, and use commercially reasonable efforts to cause the auditors of the Company to reasonably cooperate, with Tidewater Midstream to the extent reasonably requested by Tidewater Midstream in the preparation of any filings made by Tidewater Midstream with any securities regulator pursuant to applicable securities laws.

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

Upon completion of the Acquisition, the full text of the Governance Agreement will be available on SEDAR at www.sedar.com under the Company's profile.

Investor Liquidity Agreement

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

The Demand Registration rights are subject to certain limitations, including that: (i) other than in respect of a shelf prospectus, the Company shall not be obligated to file a prospectus in respect of a Demand Registration within 60 days after the effective date of a previously filed prospectus; and (ii) the Company shall not be obligated to file a prospectus in respect of a Demand Registration unless the request is for a number of Registrable Securities with a market value that is equal to at least \$50 million as of the date of such request for Demand Registration. If the Company declines to effect a Demand Registration pursuant

to (i) or (ii) above, and if the Holder within 30 days after receipt of a notice from the Company advises that it has determined to withdraw such request for a Demand Registration, then such Demand Registration and the request therefor will be deemed to be withdrawn and such request will be deemed not to have been given for purposes of determining whether such Holder has exercised its right to a Demand Registration permitted to such Holder.

In the event that a majority of the members of the Board who have not been nominated by Tidewater Midstream (the “**Independent Directors**”) determine, in their good faith judgment, that any Demand Registration should not be made or continued because it would materially adversely affect a pending or proposed material acquisition, merger, amalgamation, recapitalization, consolidation, reorganization, business combination, or similar transaction, or negotiations, discussions or pending proposals with respect thereto, or would require the disclosure of material non-public information that, in the good faith judgment of a majority of the Independent Directors, would have a material adverse effect on the Company and its subsidiaries taken as a whole (a “**Valid Business Reason**”) then: (i) the Company will have the right to postpone the filing of a prospectus (or prospectus supplement, as applicable) until such Valid Business Reason no longer exists, provided that such postponement shall not extend for a period of more than 90 days after receipt of the request for such Demand Registration; or (ii) the Company may cause a prospectus (or prospectus supplement, as applicable) that has been filed pursuant to a Demand Registration request to be withdrawn, or a majority of the Independent Directors may postpone amending or supplementing any previously filed prospectus pursuant to a Demand Registration request until such Valid Business Reason no longer exists, provided that such withdrawal or postponement shall not extend for a period of more than 90 days. The Company may not exercise its rights pursuant to (i) or (ii) above more than once in any 12-month period, and the Company will give written notice of both its determination to defer filing, postpone the amendment of or withdraw a prospectus (or prospectus supplement, as applicable) and of the fact that the Valid Business Reason for such deferral, postponement or withdrawal no longer exists, in each case, promptly after the occurrence thereof.

Under certain circumstances, the Holder may revoke or withdraw a request for a Demand Registration, in whole or in part, and such Demand Registration and the request therefor may, subject to certain limitations, be deemed to be revoked or withdrawn and deemed not to have been given for purposes of determining whether such Holder has exercised its right to a Demand Registration permitted to such Holder. Further, the Company may not propose to qualify for distribution any authorized but unissued Common Shares in connection with a Demand Registration if the Holder, with the assistance of its underwriter or agent, if applicable, determines, acting reasonably, that qualifying such Common Shares for distribution exceeds the number of Common Shares that can be sold in an orderly manner in such offering within a price range acceptable to the Holder (“**Demand Registration Orderly Sale Number**”). The Company shall then include in such distribution: (i) first, the number of Registrable Securities requested to be included in the Demand Registration; and (ii) second, such Common Shares equal to (X) the Demand Registration Orderly Sale Number less (Y) the number of Registrable Securities requested to be included in the Demand Registration, subject to certain conditions.

If at any time the Company proposes to, or reasonably contemplates that it will, file a preliminary prospectus with respect to the distribution of any Common Shares to the public, then the Company will, at that time, give prompt notice of the proposed distribution to each Holder, which notice will offer each Holder the opportunity to qualify for distribution such number of Registrable Securities as such holder may request. The Company will use commercially reasonable efforts to include in such prospectus such Registrable Securities as the Holders may request (a “**Piggy-Back Registration**”), unless the Company, with the assistance of its underwriter or agent, if applicable, determines, acting reasonably, that qualifying such Piggy-Back Registration exceeds the number of Common Shares that can be sold in an orderly manner in such offering within a price range acceptable to the Company (“**Piggy-Back Registration Orderly Sale Number**”). The Company shall then include in such distribution: (i) first, the number of Common Shares that is proposed to be qualified for distribution by such preliminary prospectus by the Company as specified in its notice to the Holder; and (ii) second, such Registrable Securities that are equal to (X) the Piggy-Back Registration Orderly Sale Number less (Y) the number of Common Shares that are proposed to be qualified

for distribution by such preliminary prospectus by the Company as specified in its notice to the Holder, subject to certain conditions.

In the case of a prospectus filed in connection with a Demand Registration, the Holder will pay all applicable fees and expenses incidental to the Company's performance of, or compliance with, the terms of the Demand Registration customarily paid by issuers or sellers of securities. In the case of a Piggy-Back Registration or the Company's participation in a Demand Registration, such fees and expenses will be allocated between the Holder(s), as applicable, and the Company in an equitable manner having regard to the proportion of the number of Common Shares sold by each relative to the total number of Common Shares sold pursuant to the prospectus.

All underwriting discounts and fees and transfer taxes attributable to a sale of Registrable Securities, and any out-of-pocket expenses of the underwriters in connection with each prospectus filed in connection with a Demand Registration or Piggy-Back Registration, other than the fees and expenses described in the preceding paragraph, will be borne by the Holder(s), as applicable, and any other participating sellers (including the Company, if applicable) in proportion to the number of Registrable Securities sold by each relative to the total number of Common Shares sold pursuant to the prospectus.

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

Upon completion of the Acquisition, the full text of the Investor Liquidity Agreement will be available on SEDAR at www.sedar.com under the Company's profile.

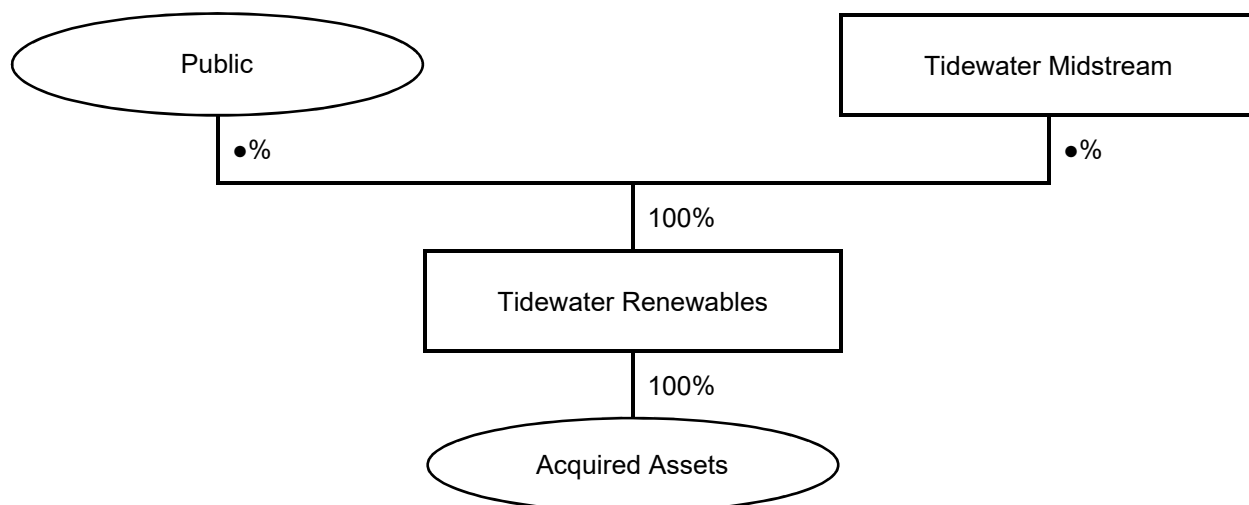
FORMATION OF THE COMPANY

History of the Company

The Company was incorporated under the ABCA as "Tidewater Renewables Ltd." on May 11, 2021. Upon incorporation Tidewater Midstream subscribed for one Common Share at a price of \$1.00.

Final Corporate Structure

The following diagram illustrates the organizational structure and approximate Common Share ownership of the Company upon Closing and completion of the Acquisition.



Note:

- (1) Assumes no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, Tidewater Midstream will hold •% of the issued and outstanding Common Shares, with public shareholders holding •%.

The Company’s head office is located at Suite 900, 222 3rd Avenue SW, Calgary, Alberta, T2P 0B4 and its registered office is located at Suite 1000, 250 2nd Street SW, Calgary, Alberta, T2P 0C1.

The Company presently has two full-time employees with additional personnel and services provided pursuant to the Shared Services Agreement.

The Acquisition

Through the Acquisition, Tidewater Renewables will acquire the Acquired Assets from Tidewater Midstream for aggregate consideration of approximately \$585 million, which was determined after taking into consideration, among other things, discounted cash flows based on projected cash flows from the Acquired Assets and valuation multiples of publicly traded companies that were deemed comparable to the Acquired Assets by Tidewater Midstream, Tidewater Renewables and the Underwriters.

The Acquisition will be effected by Tidewater Renewables acquiring all of the Acquired Assets from AcquisitionCo, a wholly-owned direct subsidiary of Tidewater Midstream that was created to effect the Acquisition.

AcquisitionCo was incorporated under the ABCA as “Tidewater Acquisition Inc.” on May 11, 2021. Upon incorporation Tidewater Midstream subscribed for a nominal amount of share capital.

Prior to the Closing Date, Tidewater Midstream will subscribe for 50,000,000 voting Preferred Shares of Tidewater Renewables for an aggregate of \$1,000. The number of Preferred Shares owned by Tidewater Midstream may be adjusted to ensure that Tidewater Midstream controls Tidewater Renewables throughout the completion of the Offering and the Acquisition and, upon closing thereof, such Preferred Shares will be redeemed for \$1,000, as described below.

Prior to the Closing Date and to the extent any such requirement is triggered by the anticipated aggregate gross proceeds raised under the Offering, the consent from the holders of Tidewater Midstream’s 6.75% senior unsecured notes due December 19, 2022 (the “Notes”) to the Acquisition will be obtained. See “Risk Factors — Risks Relating to the Offering and Common Shares — Approval of Holders of Notes”.

On the Closing Date and commencing at the Closing Time, the following events (among others) shall occur and shall be deemed to occur sequentially as set out in the Asset Acquisition Agreements without any further authorization, act or formality, in each case, unless stated otherwise, effective as at immediate intervals starting at the Closing Time:

- Tidewater Midstream will transfer the Acquired Assets with a fair market value of \$585 million to AcquisitionCo on a tax deferred basis. As consideration, AcquisitionCo will issue AcquisitionCo Shares with a fair market value of \$585 million to Tidewater Midstream;
- the Closing of the Offering of Offered Shares pursuant to this prospectus will occur;
- Tidewater Renewables will enter into the Credit Facility up to \$150.0 million;
- Tidewater Renewables will complete the Acquisition, acquiring the Acquired Assets from AcquisitionCo pursuant to the Purchase and Sale Agreements in exchange for:
 - \$180 million in cash; and
 - Common Shares with a fair market value equal to the number of shares multiplied by the Offering Price;
- Tidewater Midstream and AcquisitionCo will complete a vertical amalgamation to form one entity; and
- Tidewater Renewables will redeem the 50,000,000 voting Preferred Shares held by Tidewater Midstream for \$1,000.

See “*Credit Facility*” and “*Use of Proceeds*”.

For a description of the Acquired Assets, please see “*Acquired Assets*” and for a description of the material terms governing the Acquisition please see “*Agreements with Tidewater Midstream and Other Counterparties — Purchase and Sale Agreements*”.

ELIGIBILITY FOR INVESTMENT

In the opinion of DLA Piper (Canada) LLP, counsel to the Company, and Burnet, Duckworth & Palmer LLP, counsel to the Underwriters, on the date of issue, provided that the Offered Shares are listed at that time on a “designated stock exchange” (which currently includes the TSX), the Offered Shares will on that date be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered disability savings plans (“**RDSPs**”), deferred profit sharing plans, tax-free savings accounts (“**TFSA**s”) and registered education savings plans (“**RESPs**”), each as defined in the Tax Act.

Notwithstanding that the Offered Shares may be qualified investments for a trust governed by an RRSP, RRIF, RDSP, TFSA or RESP, an annuitant under an RRSP or RRIF, a holder of a TFSA or RDSP or a subscriber of an RESP, as the case may be, will be subject to a penalty tax under the Tax Act with respect to Offered Shares if the Offered Shares are “prohibited investments” for the RRSP, RRIF, RDSP, TFSA or RESP. An Offered Share will not be a prohibited investment for a trust governed by an RRSP, RRIF, RDSP, TFSA or RESP provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP or the subscriber of the RESP, as the case may be, deals at arm’s length with the Company for purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, the Offered Shares will not be a prohibited investment if the Offered Shares are “excluded property” as defined in the Tax Act for a trust governed by an RRSP, RRIF, RDSP, TFSA or RESP.

Holders of Offered Shares who intend to hold Offered Shares in an RRSP, RRIF, RDSP, TFSA or RESP should consult their own tax advisors as to whether such securities will be a “prohibited investment” or “excluded property” in their particular circumstances.

DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series, without nominal or par value, of which, as at the date hereof, one Common Share is issued and outstanding as fully paid and non-assessable and nil Preferred Shares have been issued. See “*Plan of Distribution*” and “*Formation of the Company — The Acquisition*” for details of the Common Shares and Preferred Shares anticipated to be issued pursuant to the Offering and the Acquisition.

Common Shares

The holders of Common Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attached to any Preferred Share, to dividends if, as and when declared by the Board, to one vote per share at meetings of the holders of Common Shares and, subject to the rights, privileges, restrictions and conditions attached to any Preferred Share, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares. All of the Common Shares to be issued and outstanding upon completion of the Offering will be issued as fully paid and non-assessable.

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 Company.

Constraints

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

Ratings

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

USE OF PROCEEDS

Proceeds of the Offering

The estimated net proceeds to the Company from the Offering will be \$●, after deducting the Underwriters’ Fee of \$● and estimated expenses of the Offering of \$●, and assuming the Over-Allotment Option is not exercised. If the Underwriters exercise the Over-Allotment Option in full, the estimated net proceeds from the Offering will be \$● after deducting the Underwriters’ Fee of \$● and estimated expenses of the Offering of \$●.

Principal Purposes of the Offering Proceeds

The Company intends to use the net proceeds of the Offering as follows:

<u>Principal Purpose</u>	<u>Net Proceeds under Offering</u>
Acquired Assets	\$● ⁽¹⁾
Total	\$●

Note:

- (1) Represents a portion of the \$180 million cash component of the purchase price for the Acquired Assets. See “*Formation of the Company — The Acquisition*”.

Tidewater Renewables anticipates funding the aggregate \$585 million purchase price for the Acquired Assets through a combination of: (i) the entire net proceeds of the Offering (approximately \$● million); (ii) the issuance of Common Shares to Tidewater Midstream (approximately \$● million); and (iii) amounts drawn under the Credit Facility (approximately \$● million). See “*Formation of the Company — The Acquisition*”.

If the Over-Allotment Option is exercised in full, the Company will receive additional net proceeds of \$● after deducting the Underwriters’ Fee. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to increase the cash component paid by Tidewater Renewables for the Acquired Assets and have a corresponding decrease on the debt component drawn under the Credit Facility for such assets.

The Company expects to rely on a combination of (i) undrawn amounts under the Credit Facility, (ii) cash flow generated by the sale of BC LCFS Credits which Tidewater Renewables expects to earn upon satisfaction of certain construction milestones related to both the FCC Co-Processing Project and the Renewable Diesel & Renewable Hydrogen Complex (which BC LCFS Credits are also earned upon operation of such projects and sales of renewable fuels pursuant thereto), (iii) cash flow generated by the Acquired Assets and by its various capital projects as they come online, and (iv) and other potential sources of financing as appropriate, for working capital, to fund the development of the capital projects and for general corporate purposes. Upon Closing of the Offering and completion of the Acquisition, the Company expects to complete the Renewable Diesel & Renewable Hydrogen Complex, the FCC Co-Processing Project and Canola Co-Processing Project (the Canola Co-Processing Project does not require additional capital) using the sources described in this paragraph. If the aggregate gross proceeds of the Offering are greater than \$125 million then, depending on the amount of such proceeds, the Company will evaluate and prioritize its other growth projects (the RNG Anaerobic Digester Project and Gasifier Project) using the surplus sources of funds described in this paragraph. See “*Business of the Company — Business Objectives and Milestones*”.

In the event that the aggregate net proceeds of the Offering are greater than the \$180 million cash component of the purchase price for the Acquired Assets, then Tidewater Renewables will combine any such amounts with the other sources of funds described in the immediately preceding paragraph and will evaluate and prioritize its other growth projects (the RNG Anaerobic Digester Project and Gasifier Project). See “*Business of the Company — Business Objectives and Milestones*”.

PROCEEDS INDIRECTLY TO TIDEWATER MIDSTREAM

The net proceeds to Tidewater Midstream from the Offering will be approximately \$● million. See “*Use of Proceeds*”, “*Plan of Distribution*” and “*Principal Shareholders*”.

SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

The Asset Financial Statements are comprised of:

- (i) the audited carve-out financial statements of the Renewable Diesel Assets and Renewable Hydrogen Assets (defined for the purposes of such financial statements as, the “**Renewable Diesel**”

& Hydrogen Assets") and the RNG Assets (defined for the purposes of such financial statements as the "**RNG Business**") of Tidewater Midstream for the years ended December 31, 2020, 2019 and 2018; and (ii) the unaudited condensed interim carve-out financial statements of the Renewable Diesel Assets, Renewable Hydrogen Assets and the RNG Assets of Tidewater Midstream for the three months ended March 31, 2021 and 2020 (previously defined as the "**Asset Financial Statements**"); and

- the unaudited pro forma financial statements of Tidewater Renewables that give effect to the acquisition of the Renewable Diesel & Hydrogen Assets and the RNG Business as at March 31, 2021, for the three months ended March 31, 2021, and for the year ended December 31, 2020 (the "**Tidewater Renewables Pro Forma Financial Statements**"). The Tidewater Renewables Pro Forma Financial Statements were derived from the Asset Financial Statements to begin with the Renewable Diesel & Hydrogen Assets and the RNG Business revenue, expenses, other income, operating expenses and operating income included in the audited financial statements of Tidewater Midstream for the three month period ended March 31, 2021 and for the year ended December 31, 2020. The financial results were then adjusted to reflect the Offering, the Credit Facility and the Acquisition (see the Tidewater Renewables Pro Forma Financial Statements included in Appendix "A" to this prospectus).

Prior to closing of the Offering, no revenue will be directly associated with Renewable Diesel & Renewable Hydrogen Assets as the primary revenue stream at the PGR is gasoline and diesel sales, not hydrogen or the transportation and processing of renewable feedstocks and refined products. As a result, the audited carve-out financial statements do not carve-out a revenue stream associated with the Renewable Diesel & Renewable Hydrogen Assets. Upon closing of the Offering, the Renewable Diesel & Renewable Hydrogen Assets will operate under long-term take-or-pay contracts exclusively with Tidewater Midstream which will generate income.

Selected Financial Information for the Renewable Diesel & Hydrogen Assets and the RNG Business

The following selected financial information relating to the Renewable Diesel & Hydrogen Assets and the RNG Business has been derived from the Asset Financial Statements.

(\$000s)	Three months ended March 31,		Year ended December 31,		
	2021	2020	2020	2019	2018
Revenue	1,386	1,058	4,165	4,457	5,897
Expenses	4,104	3,542	14,497	7,738	3,293
Operating Income (loss)	(2,718)	(2,484)	(10,332)	(3,281)	2,604
Total other expenses	110	3,154	1,545	417	34
Earnings (loss) before income tax	(2,828)	(5,638)	(11,877)	(3,698)	2,570
Deferred income tax	297	(428)	819	3,679	491
Net income (loss) and comprehensive income (loss)	(3,125)	(5,210)	(12,696)	(7,377)	2,079

(\$000s)	As at		
	March 31, 2021	December 31, 2020	December 31, 2019
Total assets	75,578	73,298	74,992
Total liabilities	32,464	33,381	35,921
Parent's net investment	43,114	39,917	39,071
Total liabilities and parent's net investment	75,578	73,298	74,992

Selected Pro Forma Financial Information for the Renewable Diesel & Hydrogen Assets and the RNG Business

The following selected financial information relating to the Renewable Diesel & Hydrogen Assets and the RNG Business has been derived from the Tidewater Renewables Pro Forma Financial Statements.

(\$000s)	Three months ended March 31,	Year ended December 31,
	2021	2020
Revenue	1,386	4,165
Expenses	7,272	27,206
Operating Income (loss)	(5,886)	(23,041)
Total other (income) expenses	635	5,645
Earnings (loss) before income tax	(6,521)	(28,686)
Deferred income tax	(1,728)	(7,602)
Net income (loss) and comprehensive income (loss)	(4,793)	(21,084)
Earnings per share – basic and diluted	(0.14)	(0.63)

(\$000s)	As at
	March 31, 2021
Total assets	756,878
Total liabilities	210,143
Share Capital	548,205
Total liabilities and Equity	756,878

Investors should read the above information together with: (i) the Asset Financial Statements, including the related notes included in Appendix "A" to this prospectus; and (ii) the sections entitled "Risk Factors" and "Management's Discussion and Analysis" included elsewhere in this prospectus.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basis of Presentation

This Management's Discussion and Analysis ("MD&A") should be read in its entirety and is intended to complement and supplement the Company's financial statements included in Appendix "A" of this prospectus. The Company's financial statements have been prepared in accordance with IFRS.

The Company was incorporated on May 11, 2021 and issued one Common Share to Tidewater Midstream for a subscription price of \$1.00. As such, it has not completed its first fiscal year and has had limited activity. Accordingly, this MD&A has been prepared for the Renewable Diesel & Renewable Hydrogen

Assets and RNG Business (each as defined under “**Selected Historical and Financial Information**”) and should be read in conjunction with the audited carve-out financial statements for the Renewable Diesel & Renewable Hydrogen Assets and RNG Business which have been prepared in accordance with IFRS as of and for the years ended December 31, 2020, 2019 and 2018 and for the three months ended March 31, 2021 and 2020 included in Appendix “A” with this prospectus.

The Company has been formed to become a multi-faceted, energy transition company. The Company intends to focus on the production of low carbon fuels, including renewable diesel, renewable hydrogen, renewable natural gas, as well as carbon capture. The Company intends to issue common shares in an initial public offering (previously defined as the “**Offering**”), transferring a partial economic interest to third party investors.

The COVID-19 pandemic and other macro-economic conditions around the world have resulted in significant price volatility in commodity prices and increased economic uncertainty. See “*Notice to Investors — COVID-19*”.

Activities of the Company Since its Incorporation through to Closing of the Offering

Tidewater Renewables will acquire the Renewable Diesel Assets & Renewable Hydrogen RNG Assets and RNG Business (defined, for the purposes of this section, as the “**Acquired Assets**”) from Tidewater Midstream for aggregate consideration of approximately \$585 million (the “**Acquisition**”). The Acquisition will be effected by Tidewater Renewables acquiring all of the Acquired Assets from AcquisitionCo, a wholly-owned direct subsidiary of Tidewater Midstream that was created to effect the Acquisition.

Between the date of its formation through to closing of the Offering and the Acquisition, the Company will not have any active operations. The \$2.0 million estimated total expenses related to the Offering (excluding the Underwriters’ commission) will be funded from the proceeds of the Offering.

Prior to the Closing Date, Tidewater Midstream will subscribe for 50,000,000 voting preferred shares of Tidewater Renewables for an aggregate value of \$1,000. Such number of preferred shares owned by Tidewater Midstream may be adjusted to ensure that Tidewater Midstream controls Tidewater Renewables throughout the completion of the Offering and the Acquisition and, upon closing thereof, such preferred shares will be redeemed for \$1,000.

On the Closing Date, Tidewater Renewables will enter into a Credit Facility in the amount of up to \$150 million (as further described under “Management’s Discussion and Analysis - Liquidity and Capital Resources”). Tidewater Renewables will acquire the Acquired Assets from AcquisitionCo pursuant to the Purchase and Sale Agreements in exchange for \$● million in cash and ● Common Shares with a fair market value equal to the number of shares multiplied by the Offering Price.

See “*Formation of the Company — The Acquisition*”, “*Credit Facility*” and “*Use of Proceeds*”.

Acquired Assets

In order to create the fully functioning standalone business of Tidewater Renewables, pursuant to the Acquisition, the Company will acquire certain pre-existing operating assets from Tidewater Midstream that will provide an initial platform for the Renewable Diesel, Renewable Hydrogen, and Renewable Natural Gas Business Units. The combination of the acquired existing assets and growth projects creates a fully functioning renewables business leveraging existing operational assets from within Tidewater Midstream which will be acquired by the Company.

The RNG Business is located at Tidewater Midstream’s Brazeau River Complex (previously defined as the “**BRC**”) and is currently configured to inject, store, cycle and sell natural gas. The RNG Business’ assets currently include two permitted gas storage reservoirs, three injection/withdrawal wells, a 1,480 horse-

power compressor, and approximately 30 kilometers of pipelines. The RNG Business generates revenue through charging fees to a third party gas storage customer for injecting and withdrawing natural gas in the storage pool and extracting incidental in-situ natural gas liquids (previously defined as “NGLs”) from the storage pool. The difference between natural gas prices in the summer months versus the winter months, i.e. seasonal spreads, is one of the main drivers of fees that the RNG Business can charge for its storage services.

The Renewable Diesel and Renewable Hydrogen Assets include a steam methane reformer, unifier reactor, canola co-processing unit, certain utilities, storage tanks and rail and truck racks, which are located at Tidewater Midstream’s Prince George Refinery (previously defined as “PGR”) in Prince George, British Columbia. Tidewater Midstream purchased the PGR on November 1, 2019. Prior to closing of the Offering, no revenue is directly associated with these assets as the primary revenue stream at the PGR is gasoline and diesel sales, not hydrogen or the transportation and processing of renewable feedstocks and refined products. As a result, the audited carve-out financial statements do not carve-out a revenue stream associated with the Renewable Diesel & Renewable Hydrogen Assets. Upon closing of the Offering, the Renewable Diesel & Renewable Hydrogen Assets will operate under long-term take-or-pay contracts exclusively with Tidewater Midstream which will generate income.

Selected Financial Information and results of Operations of the Acquired Assets

<i>(in thousands of Canadian dollars)</i>	Three months ended March 31,		Year ended December 31,		
	2021	2020	2020	2019	2018
Revenue	\$ 1,386	\$ 1,058	\$ 4,165	\$ 4,457	\$ 5,897
Operating expenses	\$ 2,521	\$ 1,990	\$ 8,207	\$ 4,109	\$ 2,584
General and administrative	\$ 106	\$ 68	\$ 341	\$ 122	\$ 76
Depreciation	\$ 1,477	\$ 1,484	\$ 5,949	\$ 3,507	\$ 633
Finance costs	\$ 110	\$ 3,154	\$ 1,545	\$ 417	\$ 34
Deferred income tax expense (recovery)	\$ 297	\$ (428)	\$ 819	\$ 3,679	\$ 491
Net income (loss)	\$ (3,125)	\$ (5,210)	\$ (12,696)	\$ (7,377)	\$ 2,079

Revenue

Revenue increased by 31% to \$1.4 million in the first quarter of 2021, compared to \$1.1 million for the same period in 2020, as a result of higher NGL commodity prices realized from the sale of NGL volumes. Gas storage revenue remained consistent in each period.

Gas storage revenue for the year ended December 31, 2020 increased by \$0.5 million to \$2.4 million, compared to \$1.9 million for the same period in 2019, as a result of increased withdrawal volumes which are charged a withdrawal fee. The increase was offset by a decrease in fractionation and extraction revenue for the year ended December 31, 2020 of \$0.8 million to \$1.8 million, compared to \$2.6 million for the same period in 2019, due to a significant decrease in NGL prices related to the COVID-19 impact on commodity prices.

Gas storage revenue for the year ended December 31, 2019 decreased by \$0.6 million to \$1.9 million, compared to \$2.5 million for the same period in 2018, as a result of lower injection volumes. There was an additional decrease in fractionation and extraction revenue for the year ended December 31, 2019 of \$0.8 million to \$2.6 million, compared to \$3.4 million for the same period in 2018 as a result of lower NGL prices in 2019.

The revenue mixes between gas storage revenue versus fractionation and extraction revenue is dependent on the difference in value of the natural gas liquids (ethane, propane, butane, and natural gas) that are extracted from raw natural gas compared to the value of natural gas on an energy equivalent basis (also known as the “frac spread”).

Operating expenses

Operating expenses for the first quarter of 2021 were \$2.5 million, an increase of \$0.5 million compared to \$2.0 million for the first quarter of 2020. Approximately 60% of the increase was a result of higher gas volumes processed at the BRC and higher gas shrinkage costs due to an increase in the AECO spot price for natural gas. The remaining increase is a result of increased power and natural gas costs associated with the use of the Renewable Diesel and Renewable Hydrogen Assets.

Operating expenses for the year ended December 31, 2020 increased by \$4.1 million to \$8.2 million, compared to \$4.1 million for 2019. The increase primarily results from the acquisition of the Renewable Diesel and Renewable Hydrogen Assets on November 1, 2019, which accounts for 90% of increase. The remaining increase is a result of higher gas volumes processed and higher gas shrinkage costs due to an increase in the AECO spot price related to the RNG Business. Operating expenses for the year ended December 31, 2019 increased by \$1.5 million, compared to the year ended December 31, 2018. Approximately 55% of the increase was due to higher processing fees for the RNG Business and the remaining increase was a result of the acquisition of the Renewable Diesel and Renewable Hydrogen Assets on November 1, 2019 of approximately \$30 million. Approximately \$2.6 million of net cash used in investing activities in 2020 relate to the construction costs associated with the Canola Co-Processing Project.

General and administrative

General and administrative (“**G&A**”) expenses for the three months ended March 31, 2021 were \$0.1 million, which remained consistent with the same period of 2020. During the year ended December 31, 2020 G&A expenses were \$0.3 million, compared to \$0.1 million for both 2019 and 2018. The increase is a result of the acquisition of the Renewable Diesel and Renewable Hydrogen Assets on November 1, 2019. The Acquired Assets are allocated a portion of Tidewater Midstream’s G&A based upon management’s best estimate of how services were historically provided by employees.

Depreciation

Depreciation for the three months ended March 31, 2021 was \$1.5 million, which remained consistent with the same period in 2020. During the year ended December 31, 2020, depreciation was \$5.9 million, compared to \$3.5 million for 2019 and \$0.6 million for 2018. Depreciation increased by \$2.4 million in 2020, compared to 2019, due to the acquisition of the Renewable Diesel and Renewable Hydrogen Assets on November 1, 2019.

Finance costs

Finance costs relate to the accretion on the Acquired Assets’ lease contracts and decommissioning obligations and the foreign exchange remeasurement on US dollar denominated rail car lease contracts. Finance costs and other for the three months ended March 31, 2021 decreased by \$3.1 million to \$0.1 million, compared to \$3.2 million for the same period of 2020, due to volatility in the foreign exchange rates that impacted US dollar denominated rail car leases.

Finance costs for the year ended December 31, 2020 were \$1.5 million, compared to \$0.4 million for the year ended December 31, 2019, due to volatility in the foreign exchange rates that impacted US dollar denominated rail car leases.

Finance costs for the year ended December 31, 2019 increased by \$0.4 million compared to the year ended December 31, 2018, as a result of the addition US dollar denominated rail car leases.

Deferred income tax expense

During the three month period ended March 31, 2021, the Acquired Assets deferred income tax expense increased by \$0.7 million to \$0.3 million, compared to a recovery of \$0.4 million for the same period of 2020.

During the year ended December 31, 2020 the Acquired Assets recognized deferred income tax expense of \$0.8 million, compared to \$3.7 million for 2019 and \$0.5 million for 2018.

The Acquired Assets are not a taxable entity and as such, no tax losses are retained by the Acquired Assets. The deferred income tax expense is primarily attributed to net income (loss) before taxes and changes in tax rates during the periods, with the exception of the year ended December 31, 2019. The increase during this year of \$3.0 million compared to the year ended December 31, 2018 is a result of the Renewable Diesel and Renewable Hydrogen Assets acquisition on November 1, 2019.

Net income (loss)

During the three months ended March 31, 2021, the Acquired Assets net loss decreased by \$2.1 million to \$3.1 million, compared to a net loss of \$5.2 million for the same period in 2020. The decrease in net loss was the result of higher operating expenses driven by increased processing volumes offset by lower US dollar foreign exchange rates related to remeasurement of US dollar denominated rail car leases.

Net loss for the year ended December 31, 2020 was \$12.7 million, compared to a net loss for the same period of 2019 of \$7.4 million and net income of \$2.1 million for the year ended December 31, 2018. The increase in net loss for the year ended December 31, 2020 compared to the year ended December 31, 2019 is primarily the result of a full year of operating expenses from the Renewable Diesel and Renewable Hydrogen Assets acquired, with no corresponding revenue and higher operating expenses driven by increased natural gas processing volumes and lower commodity prices for NGL volumes sold. The decrease in net income for the year ended December 31, 2019 compared to the year ended December 31, 2018 is attributable to reduced injection volumes for storage and lower commodity prices for NGL's during the period related to the RNG Business.

Cash Flow Summary

The following table summarizes the Acquired Assets' sources and uses of funds for the three months ended March 31, 2021 and 2020 and for the years ended December 31, 2020, 2019 and 2018 from continuing operations:

Cash flows provided by (used in) <i>(in thousands of Canadian dollars)</i>	Three months ended March 31,		Year ended December 31,		
	2021	2020	2020	2019	2018
Operating activities	\$ (1,291)	\$ (1,003)	\$ (4,430)	\$ 559	\$ 3,094
Financing activities	\$ 4,880	\$ 1,096	\$ 7,449	\$ 29,586	\$ 2,798
Investing activities	\$ (3,589)	\$ (93)	\$ (3,019)	\$ (30,145)	\$ (5,892)

Net Cash Provided by (used in) Operating Activities

Net cash used in operating activities for the three months ended March 31, 2021 is consistent quarter over quarter.

Net cash used in operating activities for the year ended December 31, 2020 was \$4.4 million, compared to net cash provided by operating activities of \$0.6 million for the year ended December 31, 2019 and \$3.1 million for the year ended December 31, 2018. The decrease across the years is a result of the operating expenses associated with the Renewable Diesel and Renewable Hydrogen Assets acquired on November 1, 2019, with no corresponding revenue.

Net Cash Provided by Financing Activities

Net cash provided by financing activities increased by \$3.8 million to \$4.9 million for the three months ended March 31, 2021, compared to \$1.1 million for the same period in 2020. The increase is primarily the result of an increase in the receipt of parent's net investment.

Net cash provided by financing activities was \$7.4 million for the year ended December 31, 2020, compared to net cash provided by financing activities of \$29.6 million for the year ended December 31, 2019 and \$2.8 million for the year ended December 31, 2018. The change in net cash provided by financing activities was attributable to the acquisition of the Renewable Diesel and Renewable Hydrogen Assets in 2019.

Net Cash Used in Investing Activities

Net cash used in investing activities for the three months ended March 31, 2021 was \$3.6 million compared to \$93 thousand in the same period in 2020. The increase is a result of construction costs associated with the Canola Co-Processing Project.

Net cash used in investing activities was \$3.0 million for the year ended December 31, 2020, compared to net cash used in investing activities of \$30.1 million for the year ended December 31, 2019 and \$5.9 million for the year ended December 31, 2018. The reduction in net cash used in investing activities in 2020 compared to 2019 is primarily the result of the acquisition of the Renewable Diesel and Renewable Hydrogen Assets on November 1, 2019.

Selected Quarterly Information

The following tables presents a summary of the quarterly results of the Acquired Assets for the last eight quarters:

(In thousands of Canadian dollars)

	<u>Q1 2021</u>	<u>Q4 2020</u>	<u>Q3 2020</u>	<u>Q2 2020</u>
Revenue	\$ 1,386	\$ 1,286	\$ 794	\$ 1,027
Net income (loss)	\$ (3,125)	\$ (3,479)	\$ (3,478)	\$ (529)

(In thousands of Canadian dollars)

	<u>Q1 2020</u>	<u>Q4 2019</u>	<u>Q3 2019</u>	<u>Q2 2019</u>
Revenue	\$ 1,058	\$ 827	\$ 1,546	\$ 1,015
Net income (loss)	\$ (5,210)	\$ (5,441)	\$ (835)	\$ (630)

During 2021, the RNG Business' results were impacted by the following factors and trends:

- Recovering NGL and natural gas pricing following the significant decrease in commodity prices experienced in March 2020;
- Heightened volatility in natural gas daily pricing, due to extreme cold temperatures experienced in February 2021; and
- Persistent backwardation in the forward pricing of natural gas affecting decreasing demand for natural gas storage.

During 2020, the RNG Business' results were impacted by the following factors and trends:

- Lower NGL pricing due to the significant decrease in commodity prices experienced in March 2020; and
- Persistent backwardation in the forward pricing of natural gas affecting decreasing demand for natural gas storage.

During 2019, RNG Business' results were impacted by the following factors and trends:

- Robust NGL and natural gas commodity prices; and
- Seasonal volatility of natural gas prices, increasing opportunities for the RNG Business to generate incremental value by capturing spot and intraday opportunities and taking advantage of the seasonal spread.

Transactions with Related Parties

Transactions with related parties are in the normal course of business and are recorded at market rates. The RNG Business' NGLs are processed at the BRC. During the year ended December 31, 2020 the RNG Business incurred \$1.5 million (2019 – \$1.4 million, 2018 – \$1.1 million) of operating expenses related to gas processing. During the three months ended March 31, 2021 the RNG Business incurred \$0.5 million (three months ended March 31, 2020 – \$0.4 million) of operating expenses related to gas processing.

Contractual Liabilities, Commitments and Contingencies

The Acquired Assets have the following undiscounted contractual obligations relating to a compressor lease and rail car leases as at March 31, 2021:

<i>(in thousands of Canadian dollars)</i>	Within one year	After one year but not more than five years	More than five years	Total
Lease liabilities	\$ 5,646	\$ 21,570	\$ 913	\$ 28,129
Total	\$ 5,646	\$ 21,570	\$ 913	\$ 28,129

The Company has no contingencies.

Liquidity and Capital Resources

Liquidity Sources

The Company's primary liquidity and capital resource needs are to fund ongoing capital expenditures, future growth opportunities, interest payments and working capital.

The Acquired Assets had the following contractual obligations as at March 31, 2021 and December 31, 2020:

<i>(in thousands of Canadian dollars)</i>	March 31, 2021		December 31, 2020	
	Less than one year	Greater than one year	Less than one year	Greater than one year
Accounts payable and accrued liabilities	\$ 1,266	\$ -	\$ 1,148	\$ -
Lease liabilities and other	5,534	18,471	5,626	19,726
	\$ 6,800	\$ 18,471	\$ 6,774	\$ 19,726

The Company has entered into an engagement letter with two Canadian chartered banks (previously defined as the "**Lenders**") for a covenant-based, secured, credit facility in the amount of up to \$150.0 million (previously defined as the "**Credit Facility**"). The Credit Facility remains subject to completion and is required to be in place at Closing.

The Credit Facility is expected to consist of a syndicated component (the "**Syndicated Credit Facility**") and an operating component (the "**Operating Facility**"). The Operating Facility is anticipated to be a

revolving operating facility with a maximum available draw of \$35 million. The Syndicated Facility is anticipated to be a revolving facility with a maximum available draw of \$115 million.

The Credit Facility is expected to be for a term of three years with a one year renewal option at the request of the Company, subject to Lender approval. The Credit Facility can be used for general corporate purposes including capital expenditures and acquisitions, including the Acquisition. Advances may be made by way of direct advances, bankers' acceptances, or standby letters of credit/guarantees. The Credit Facility bears interest at the Bank's prime rate on bankers' acceptance discount rates plus an applicable margin of 150 bps to 300 bps on prime rate loans, 250 bps to 400 bps on stamping fees related to bankers' acceptances, and 62.5 bps to 100 bps for standby fees as determined by reference to the Company's consolidated debt to EBITDA ratio (as defined in the Credit Facility).

Interest on the Credit Facility will be due monthly. The Company will be required to maintain certain financial ratios calculated on a quarterly trailing (annualized) basis as defined in the Credit Facility including a consolidated senior debt/EBITDA of less than or equal to 3.0:1.0, total debt/EBITDA of less than or equal to 4.0:1.0, and an EBITDA/Interest coverage ratio greater than or equal to 2.5:1.0. The Credit Facility is secured by a \$500 million demand debenture with a floating charge over all the assets of the Company.

The Company anticipates funding the aggregate \$585 million purchase price for the Acquired Assets through a combination of: (i) the net proceeds of the Offering (approximately \$● million); (ii) the issuance of Common Shares to Tidewater Midstream (approximately \$● million); and (iii) amounts drawn under the Credit Facility (approximately \$● million). The existing Acquired Assets will operate primarily initially under long-term take-or-pay contracts exclusively with Tidewater Midstream. Management expects the Acquired Assets to generate approximately \$40 million of Run Rate EBITDA in total with a majority from take-or-pay contracts and from select other non take-or-pay activities and will be used for general corporate purposes including financing ongoing working capital requirements.

The British Columbia government is providing 284,884 BC LCFS Credits for the construction of the Renewable Diesel & Renewable Hydrogen Complex and the FCC Co-Processing Project, which management expects will provide approximate \$110 million of anticipated value based on a BC LCFS credit price of \$375 (or approximately a 9% discount to the 2021 YTD average of \$410 per credit). The combination of this provincial government funding, the proceeds available under the Credit Facility, the anticipated cash generated by the business, and other financing sources as appropriate is anticipated to provide the required funding to execute the build of the Renewable Diesel and Renewable Hydrogen Complex as well as the FCC Co-Processing Project.

Financial Instruments and Risk Management

The Company's financial instruments consist of accounts receivable, accounts payable and accrued liabilities. The Company employs risk management strategies and policies to ensure that any exposure to market risks follow the Company's business objectives and risk tolerance levels. Financial instruments can be used to manage exposure to interest rates, commodity prices, currency fluctuations, as well as other market risks. The Company will use financial instruments in relation to renewable energy trading activities, commodity activities, and other contracting activities.

The majority of the Acquired Assets' accounts receivables are due from an investment grade counterparty and is subject to normal credit risks.

See "*Risk Factors*".

Regulatory Framework

The Company is subject to a number of industry government regulations. See "*Regulatory Framework*".

See also “Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Regulatory Risks, Including Changes to National and Local Legislation”.

Critical Accounting Judgements and Estimates

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates. The Renewable Diesel & Hydrogen Assets and RNG Business’ use of estimates and judgments is discussed in Note 3 to the RNG Business’ financial statements included in Appendix “A” to this prospectus.

Off Balance Sheet Arrangements

At March 31, 2021, the Company does not believe it has any guarantees or off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company’s financial condition, results of operations, liquidity or capital expenditures.

Business Risks

The Company is subject to a number of business risks. See “Risk Factors”.

CAPITALIZATION

The following table sets out the capitalization of the Company as at May 31, 2021 and the pro forma capitalization of the Company as at May 31, 2021 after giving effect to the Offering. Other than as described below, there has not been any material change in the share and loan capital of the Company, on a consolidated basis, since May 31, 2021. This table should be read in conjunction with the section entitled “Management’s Discussion and Analysis” and the Company’s financial statements and supplemental financial information contained elsewhere in this prospectus.

Designation	Authorized	As at May 31, 2021	As at May 31, 2021 after giving effect to the Offering and completion of the Acquisition	As at May 31, 2021 after giving effect to the Offering, completion of the Acquisition and exercise in full of the Over-Allotment Option
Debt ⁽¹⁾	See Note (1)	Nil	\$●	\$●
Share capital	Unlimited	\$●	\$●	\$● ⁽²⁾
		(● Common Shares)	(● Common Shares)	(● Common Shares)

Notes:

- (1) On the Closing Date, Tidewater Renewables will enter into the Credit Facility with a Canadian chartered bank. Management anticipates drawing amounts under the Credit Facility immediately after giving effect to the Offering to be used as part of the consideration for the Acquired Assets. See “Credit Facility”, “Notice to Investors — About this Prospectus”, “Prior Sales” and “Principal Shareholders”.
- (2) The amounts included in the table include the estimated net proceeds of the Offering after deducting the estimated expenses of the Offering, and the tax effect of share issue costs, and before and after giving effect to the exercise of the Over-Allotment Option.

OPTIONS TO PURCHASE SECURITIES

The Company presently has no Option to purchase Common Shares outstanding.

The following table sets forth certain information that is known as of the date of this prospectus in respect of Options to purchase Common Shares that are anticipated to be granted at Closing of the Offering at the Offering Price. See also “*Executive Compensation — Option and Share Based Incentive Plan Awards — Stock Options*”.

Group (Number in Group)	Common Shares underlying Options	Exercise Price per Common Share	Market Value of Options⁽¹⁾	Expiration Date
Executive officers (3)	N/A	N/A	N/A	Five years from Closing
Directors (3)	N/A	N/A	N/A	Five years from Closing
Total ⁽¹⁾	N/A			

Note:

- (1) The market value of the Common Shares underlying these Options on both the date of this prospectus and the date of grant is not reasonably ascertainable, given that the Common Shares are not, and have never been, publicly listed or traded.

CREDIT FACILITY

The Company has entered into an engagement letter with two Canadian chartered banks (the “**Lenders**”) for a covenant-based, secured, credit facility in the amount of up to \$150.0 million (the “**Credit Facility**”). The Credit Facility remains subject to completion and is required to be in place at Closing.

The Credit Facility is expected to consist of a syndicated component (the “**Syndicated Credit Facility**”) and an operating component (the “**Operating Facility**”). The Operating Facility is anticipated to be a revolving operating facility with a maximum available draw of \$35 million. The Syndicated Facility is anticipated to be a revolving facility with a maximum available draw of \$115 million.

The Credit Facility is expected to be for a term of three years with a one year renewal option at the request of the Company, subject to Lender approval. The Credit Facility can be used for general corporate purposes including capital expenditures and acquisitions, including the Acquisition. Advances may be made by way of direct advances, bankers’ acceptances, or standby letters of credit/guarantees. The Credit Facility bears interest at the Bank’s prime rate on bankers’ acceptance discount rates plus an applicable margin of 150 bps to 300 bps on prime rate loans, 250 bps to 400 bps on stamping fees related to bankers’ acceptances, and 62.5 bps to 100 bps for standby fees as determined by reference to the Company’s consolidated debt to EBITDA ratio (as defined in the Credit Facility).

Interest on the Credit Facility will be due monthly. The Company will be required to maintain certain financial ratios calculated on a quarterly trailing (annualized) basis as defined in the Credit Facility including a consolidated debt/EBITDA of less than or equal to 2.5:1, consolidated debt to capitalization ratio of less than or equal to 0.50:1, and a fixed charge coverage ratio greater than or equal to 1.50:1. The Credit Facility is secured by a \$250 million demand debenture with a floating charge over all the assets of the Company.

See “*Notice to Investors — Non-GAAP Financial Measures*” and “*Risk Factors — Risks Relating to the Company’s Business, Industry and Operating Environment — Credit Facility Arrangements*”.

Upon Closing of the Offering, a copy of the credit agreement relating to the Credit Facility will be available on SEDAR at www.sedar.com under the Company’s profile.

An affiliate of each of CIBC, NBF, RBC Dominion Securities Inc. and ATB Capital Markets Inc. are a proposed lender under the Credit Facility. Consequently, the Company may be considered a “connected issuer” to such Underwriter within the meaning of applicable Canadian Securities Laws. See “*Relationships Among the Company, Tidewater Midstream and Certain Underwriters*”.

Management anticipates drawing \$● under the Credit Facility immediately after giving effect to the Offering. See “*Capitalization*”.

DIVIDEND POLICY

The Company does not currently anticipate paying any cash dividends on its securities, including the Common Shares, in the near future. It may pay cash dividends in the future if and when operational circumstances permit. The actual amount of cash distributed to shareholders, if any, will depend on numerous factors including: (i) the earnings of the Company; (ii) financial requirements for the Company’s operations; (iii) the satisfaction by the Company of liquidity and solvency tests in the ABCA (as defined herein); and (iv) any agreements relating to the Company’s indebtedness that restrict the declaration and payment of dividends. The payment of dividends is not guaranteed and the amount and timing of any dividends payable is at the discretion of the Board. See “*Risk Factors — Risks Relating to the Offering and Common Shares — Dividends*”.

DIRECTORS AND EXECUTIVE OFFICERS

The Board is currently comprised of four members, three of whom are independent as specified in NI 58-101. Prior to Closing, Tidewater Renewables anticipates that the Board may be comprised of one additional Board member.

The following table provides the names, residence and age of the directors of the Company and their principal occupation. The term of office of all directors of the Company will expire at the next annual meeting of shareholders of the Company and, thereafter, at each annual meeting of shareholders of the Company or at the time at which his or her successor is elected or appointed, or earlier if any director otherwise dies, resigns, is removed or is disqualified.

Name, Residence and Age	Principal Occupation
Joel A. MacLeod ⁽¹⁾ Calgary, Alberta, Canada Age: 43	Chairman, President and Chief Executive Officer of Tidewater Midstream
Brett M. Gellner ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta, Canada Age: 57	Corporate Director
Margaret (Greta) Raymond ⁽³⁾⁽⁴⁾⁽⁵⁾ Calgary, Alberta, Canada Age: 68	Corporate Director
John Adams ⁽³⁾⁽⁴⁾ Ottawa, Ontario, Canada Age: 56	Corporate Director

Notes:

- (1) Chair of the Board.
- (2) Lead Independent Director.
- (3) Member of the Governance, Compensation, Safety and Sustainability Committee. Ms. Raymond is the Chair of the Governance, Compensation, Safety and Sustainability Committee.
- (4) Member of the Audit Committee. Mr. Gellner is the Chair of the Audit Committee.
- (5) Nominee of Tidewater Midstream pursuant to the Governance Agreement. See “Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement”.

The following table provides the names, residences and ages of the executive officers of the Company and their offices held with the Company. Mr. MacLeod is employed by Tidewater Midstream and the Company on a combined full-time basis and will devote all of his executive time to the business and affairs of the Company (50%) and Tidewater Midstream (50%). Mr. Vorra and Mr. Chervenkov are employed by the Company on a full-time basis and will devote all of their executive time to the business and affairs of the Company (90%) and Tidewater Midstream (10%), *provided, however*, that to the extent that such executive time is devoted to Tidewater Midstream, compensation therefor by Tidewater Midstream to Tidewater Renewables will be provided pursuant to the Shared Services Agreement. Mr. Barva is employed by Tidewater Midstream on a full-time basis and will devote all of his executive time to the business and affairs of Tidewater Midstream (90%) and the Company (10%) *provided, however*, that to the extent that such executive time is devoted to Tidewater Renewables, compensation therefor by Tidewater Renewables to Tidewater Midstream will be provided pursuant to the Shared Services Agreement.

<u>Name and Residence</u>	<u>Offices Held</u>
Joel A. MacLeod Calgary, Alberta, Canada Age: 43	Executive Chairman and Chief Executive Officer of the Company
Joel K. Vorra Calgary, Alberta, Canada Age: 36	President and Chief Financial Officer of the Company
Krasen V. Chervenkov Calgary, Alberta, Canada Age: 34	Executive Vice-President, Business Development and Strategy of the Company
David A.J. Barva Calgary, Alberta, Canada Age: 47	Corporate Secretary

Note:

- (1) Messrs. MacLeod, Vorra and Chervenkov were each appointed to their respective roles with the Company on May 11, 2021. Mr. Barva was appointed as Corporate Secretary of the Company on July 11, 2021.

The Company is currently evaluating potential candidates for roles in the areas of business development and accounting. Additional administrative and technical resources are being provided to the Company by Tidewater Midstream pursuant to the Shared Services Agreement. See “*Agreements with Tidewater Midstream and Other Counterparties — Shared Services Agreement*”.

Directors and Executive Officers Biographical Information

The following are brief profiles of each of the executive officers and directors of the Company, which include a description of their present occupation and their principal occupations for the past five years.

Joel A. MacLeod, Executive Chairman, CEO and Director

Mr. MacLeod has been a director of the Company since May 11, 2021. Mr. MacLeod is the Chairman and Chief Executive Officer at Tidewater Midstream, roles that he assumed on April 20, 2015. Mr. MacLeod has 18 years of oil and gas experience. Mr. MacLeod is a founder and former director of Highwood Asset Management Ltd. (formerly Highwood Oil Company Ltd.). Mr. MacLeod was also the founding Chief Executive Officer and majority shareholder of Predator Midstream from January 2012 to the sale of the company in August 2014.

Mr. MacLeod obtained his Bachelor of Commerce from the University of Calgary in 2000 and holds a Chartered Accountant designation.

Brett M. Gellner, Lead Independent Director

Mr. Gellner has been a director of the Company since July 12, 2021.

Mr. Gellner is the former Chief Development Officer of TransAlta Corporation and is a member of the board of directors of TransAlta Renewables Inc. (since July 2013). In his role as Chief Development Officer of TransAlta Corporation, he was responsible for strategic corporate investments, mergers and acquisitions as well as greenfield projects from August 2019 to April 2021. He was also Chief Strategy and Investment Officer for TransAlta Corporation from November 2018 to August 2019 and interim Chief Financial Officer for TransAlta Corporation from April 2018 to November 2018. Previously, he was President and Designated Chief Executive Officer of TransAlta Renewables Inc. from July 2013 to November 2017. He was Chief Investment Officer of TransAlta Corporation from March 2014 to May 2018 and Chief Financial Officer of TransAlta Corporation from July 2010 to March 2014. Prior thereto, he was Vice-President, Commercial Operations and Mergers & Acquisitions at TransAlta Corporation. Prior to joining TransAlta Corporation, Mr. Gellner spent 12 years in investment banking covering the power, pipeline, midstream and forest products sectors.

Mr. Gellner has a master's degree specializing in economics from the University of Alberta and holds a Chartered Financial Analyst designation. He has also completed the Advanced Management Program at Harvard University.

John Adams, Director

Mr. Adams has been a director of the Company since July 12, 2021.

Mr. Adams is President and Chief Executive Officer of NGIF Capital Corporation and Managing Partner of NGIF Cleantech Ventures, Canada's first venture capital firm and venture fund created by and for Canada's natural gas sector. He is involved in all aspects of the enterprise including the responsibility of its three divisions NGIF Industry Grants, the NGIF Emissions Testing Centre and NGIF Cleantech Ventures. He brings over 25 years' experience and is deeply rooted in the cleantech, financing and energy ecosystem of Canada.

Prior to NGIF Capital Corporation, Mr. Adams was the Managing Director of the Natural Gas Innovation Fund at the Canadian Gas Association ("**CGA**"). There, he was responsible for bringing the fund from a concept into a fully operational cleantech innovation fund with a portfolio of startups supporting Canada's natural gas energy sector, including the production, transmission and end-use distribution of natural gas. In this role he raised capital from its industry investors for project investments, built strategic partnerships, and was accountable for the fund's investment process, governance, investment strategy, portfolio management, corporate performance and entrepreneurial support.

Prior to the Natural Gas Innovation Fund at CGA, Mr. Adams was with Sustainable Development Technology Canada in 2011 and occupied a range of increasingly senior positions over a five-year span.

He joined as Director, Applications/Funding Advisory in 2011, and then went to Director, Stakeholder relations in 2012, Vice President Industry in 2013, and Executive Director in 2016. While at Sustainable Development Technology Canada, John raised almost \$40 million in partnership agreements with industry and federal/provincial government agencies, led a series of national funding competitions, and created a national Virtual Incubator.

Prior to Sustainable Development Technology Canada, Mr. Adams was with Mitsui & Co. (Canada) Ltd. holding positions in infrastructure business and international trade.

Mr. Adams graduated from University of Toronto in 1991 with a bachelor's degree in science, specializing in environmental science and is a graduate of the Berkley Venture Capital Executive Program.

Mr. Adams currently sits on the board of directors of the \$100 million Clean Resources Innovation Network (CRIN) and is a member of its Finance and Audit Committee; and is a member of the International Gas Union's Research, Development, and Innovation Committee.

Mr. Adams is a member of the Audit Committee and a member of the Governance, Compensation, Safety and Sustainability Committee.

Margaret (Greta) Raymond, Director

Ms. Raymond has been a director of the Company since July 12, 2021 and a director of Tidewater Midstream since May 25, 2017.

Ms. Raymond is an experienced environment, health and safety and human resources professional with many years in the oil and gas industry. 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, 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 is a member of the Audit Committee and a member of the Governance, Compensation, Safety and Sustainability Committee (Chair).

Joel K. Vorra, President and Chief Financial Officer

Mr. Vorra has been the Chief Financial Officer of Tidewater Midstream 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 while at Collins Barrow Calgary LLP and worked as a senior member of the firm's audit teams from 2008 to 2013.

Mr. Vorra obtained his Bachelor of Commerce in Accounting from the Haskayne School of Business at the University in Calgary (2007) and his Chartered Accountant designation in 2011.

Krasen V. Chervenkov, Executive Vice President, Business Development & Strategy

Mr. Chervenkov has been with Tidewater Midstream since March 2017 and currently holds the position of Vice President, Mergers and Acquisitions. Prior to Tidewater Midstream, Mr. Chervenkov was Vice President, Investment Banking at a Canadian-owned bank dealer, where he focused on domestic and cross-border transactions including mergers, acquisitions & divestitures, joint ventures, reorganizations, take-over defenses, high-yield, and debt & equity financings. Mr. Chervenkov has over 13 years of corporate/business development, strategy, capital markets, and corporate finance experience with a focus on midstream, renewables, downstream, power & utilities, oilfield services and upstream oil & gas.

Mr. Chervenkov obtained his Bachelor of Commerce in Finance (Distinction) from the Haskayne School of Business at the University in Calgary (2009) and his Chartered Financial Analyst designation in 2013.

David A.J. Barva

Mr. Barva is the Chief Legal Officer, Executive Vice President, Shared Services and Corporate Secretary at Tidewater Midstream. Mr. Barva was the Vice President, Legal, General Counsel and Corporate Secretary of Tidewater Midstream 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.

Security Ownership by Directors and Executive Officers

As at the date hereof, the directors and executive officers of the Company beneficially own or exercise control or direction over, directly or indirectly, nil Common Shares (approximately nil percent of the issued and outstanding Common Shares), or one Common Share (approximately 100% of the issued and outstanding Common Shares), if the Common Shares beneficially owned or over which control or direction is exercised, directly or indirectly, by Tidewater Midstream, entities associated with certain directors of the Company, are included. The directors and executive officers of the Company are anticipated to purchase approximately \$● in Common Shares pursuant to the Offering, which will result in such directors and executive officers beneficially owning or exercising control or direction over, directly or indirectly, ● Common Shares (approximately ●% of the issued and outstanding Common Shares). Certain of the directors of the Company are directors or executive officers of Tidewater Midstream, which will own ●% (●% if the Over-Allotment Option is exercised in full) of the issued and outstanding Common Shares following completion of the Offering. See “*Principal Shareholders*” and “*Directors and Executive Officers — Conflicts of Interest*”.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons) is, as of the date of this prospectus, or was within ten years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Company), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

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

Conflicts of Interest

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

The ABCA provides that in the event that an officer or director 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 material transaction or proposed material contract or proposed material transaction, such officer or director shall disclose the nature and extent of his or her interest and shall refrain from voting to approve such contract or transaction, unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

Indebtedness

The Company is not aware of any individuals who are either current or former executive officers, directors or employees of the Company and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of the Company or otherwise) that is owing to: (i) the Company; or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

CORPORATE GOVERNANCE

Pursuant to the Governance Agreement, Tidewater Midstream and Tidewater Renewables will each have separate independence committees composed of members independent of the other party tasked for determining material matters related to: (i) entering into, amending or terminating major agreements

between the parties; (ii) entering into material commercial agreement between the parties; and (iii) disputes between the parties; and (iv) other matters referred by each party's applicable board. See also "Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement".

The Board has adopted mandates, position descriptions and corporate governance principles and practices that are intended to meet or exceed the independence and other governance standards and guidelines set out in NI 52-109, NI 52-110, NI 58-101 and NP 58-201. The corporate governance principles address various topics, including:

- responsibilities and duties of the Board;
- composition of the Board, including criteria for remaining a director;
- compensation of the Board;
- composition and responsibilities of the Audit Committee and the Governance, Compensation, Safety and Sustainability Committee;
- relationship of the Board to Management;
- approach to diversity within the Company and among the directors; and
- director orientation and continuing education.

The Board

The Board is currently comprised of four members, three of whom are independent as specified in NI 58-101. Prior to Closing, Tidewater Renewables anticipates that the Board may be comprised of one additional Board member that will be independent as specified in NI 58-101.

A director is independent if he or she has no direct or indirect material relationship with the Company or its subsidiaries. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain types of relationships are, by their nature, considered to be material relationships.

All of the members of the Board are independent directors of the Company, except Mr. MacLeod because he is the President, Chief Executive Officer and Chairman of Company.

The Company takes steps to ensure that adequate structures and processes are in place to permit the Board to function independently of the Company and Tidewater Midstream. The Company has a Lead Independent Director and the role of the Lead Independent Director will be to effectively manage and to provide leadership to the Board and to ensure that the policies and procedures adopted by the Board allow the Board to function independently of Management and Tidewater Midstream. Where matters arise at meetings of the Board which require decision making and evaluation that is independent of Management and interested directors of the Company, directors will hold an "in-camera" session among the independent and disinterested directors, without Management and interested directors present at such meeting.

Certain directors of the Company are also directors of other reporting issuers (or the equivalent):

<u>Director</u>	<u>Other Directorships</u>	<u>Stock Exchange Listing</u>
Joel A. MacLeod	Tidewater Midstream	TSX
Margaret (Greta) Raymond	Tidewater Midstream	TSX
Brett M. Gellner	TransAlta Renewables Inc.	TSX

Board Mandate

The primary responsibility of the Board is to appoint competent Management and to oversee the management of the Company with a view to maximize shareholder value and ensure corporate conduct in an ethical and legal manner through an appropriate system of corporate governance and internal controls. The Board has absolute and exclusive power, control and authority over the property and affairs of the Company. Subject to the provisions of the ABCA, the Board may delegate certain of those powers and authority that the directors of the Company, or independent directors, as applicable, deem necessary or desirable to effect the actual administration of the duties of the Board. The directors of the Company have certain responsibilities as more particularly described in the Board of Directors' Mandate, a copy of which is attached to this prospectus as Appendix "C". See "*Risk Factors — Risks Relating to the Company's Relationship with Tidewater Midstream*". See also "*Directors and Executive Officers — Conflicts of Interest*".

Position Descriptions

The Board has adopted written guidelines for the Chair of the Board, the Lead Independent Director, the Chair of each of the Audit Committee, the Governance, Compensation, Safety and Sustainability Committee and the President and Chief Executive Officer ("**CEO**") of the Company.

The primary responsibilities of the Chair of the Board include: (i) ensuring that the Board is properly organized, functions effectively and meets its obligations and responsibilities in all aspects of its work, including those relating to corporate governance matters; and (ii) working with the CEO to co-ordinate the affairs of the Board and ensure effective relations with the directors of the Company, shareholders, other stakeholders and the public.

The primary responsibilities of the Lead Independent Director include providing independent leadership to the Board to facilitate the functioning of the Board independently of Management of the Company and other non-independent Board members. The Lead Independent Director may consult and meet with any or all of the independent Board members, at the discretion of the members and with or without the attendance of the Chair, and, as appropriate and without inhibiting direct communication, represent such Board members in discussions with the Chair on corporate governance and other matters. The Lead Independent Director may also assist in the process of conducting director evaluations. The Lead Independent Director ensures that reasonable procedures are in place for directors to consult outside advisors at the expense of the Company in appropriate circumstances, subject to its prior approval, and is to meet annually with independent directors to obtain insight as to where they believe the Board and its Committees could operate more effectively.

The responsibilities of the Chair of each committee include: (i) ensuring that their respective committee is properly organized, functions effectively and meets its obligations and responsibilities in accordance with its mandate; and (ii) to liaise and communicate with the Chair of the Board to co-ordinate input from the committee for Board meetings.

The primary responsibilities of the CEO include: (i) providing general direction and management of the business and affairs of the Company in accordance with the corporate strategy and objectives approved by the Board, within the authority limitations delegated by the Board; and (ii) establishing a process of supervision of the business and affairs of the Company that are consistent with corporate objectives, ensuring that procedures are in place for proper external and internal corporate communications to all stakeholders, and monitoring and reporting results to the Board.

Meetings of Independent Directors

The Board holds regularly-scheduled quarterly meetings as well as ad hoc meetings from time to time. The independent members of the Board also meet, as required, without the non-independent directors and members of Management before or after regularly scheduled Board meetings. A director who has a material

interest in a matter before the Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it. In situations where a director has a material interest in a matter to be considered by the Board or any committee on which he or she serves, such director is required to absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place, for example when discussions and/or voting are taking place with respect to proposed transactions between the Company and Tidewater Midstream. Directors are also required to comply with the relevant provisions of the ABCA regarding conflicts of interest.

Orientation and Continuing Education

The orientation and continuing education of the directors of the Company is the responsibility of the Governance, Compensation, Safety and Sustainability Committee. The details of the orientation of new directors will be tailored to their needs and areas of expertise and will include the delivery of written materials and participation in meetings with Management and directors. The focus of the orientation program will be on providing new directors with: (i) information about the duties and obligations of directors; (ii) information about the Company's strategy and business; (iii) the expectations of directors; (iv) opportunities to meet with Management and any other senior employees or consultants designated for this purpose; and (v) access to documents from recent meetings of the Board.

The directors of the Company have all been chosen for their specific level of knowledge and expertise. In addition, directors are kept informed as to matters impacting, or which may impact, the business of the Company through reports and presentations by internal and external presenters at meetings of the Board and during periodic strategy sessions held by the Board.

Business Code of Conduct

The Board has adopted a written business code of conduct (the "**Code of Conduct**") that encourages and promotes a culture of ethical business conduct that is applicable to directors, Management, employees, consultants and other service providers of the Company. The Code of Conduct addresses a number of important topics, including conflicts of interest, corporate opportunities, confidentiality, protection and proper use of company assets, insider trading, fair dealing, compliance with laws, rules and regulations, compliance with environmental laws, discrimination and harassment, safety and health, accuracy of company records and reporting, use of email and internet services, political activities and contributions, illicit payments, payments to officials, the role of directors in the Code of Conduct, and compliance procedures.

The Board monitors compliance with the Code of Conduct by requiring that each director and employee acknowledge in writing his or her agreement to abide by the Code of Conduct when commencing service with the Company.

In addition to the Code of Conduct, the Board has adopted "Whistleblowing Procedures" which provides directors, employees and consultants of the Company with a mechanism by which they may raise concerns including (but not limited to) falsification of financial records, unethical conduct, harassment and theft through a confidential, anonymous process.

Upon Closing, the Company will file a copy of the Code of Conduct on SEDAR at www.sedar.com under the Company's profile.

Nomination and Election of Directors

The Governance, Compensation, Safety and Sustainability Committee, which is comprised entirely of independent directors, is responsible for recommending suitable candidates for nomination for election as directors of the Company in accordance with the terms of its mandate and subject to the applicable terms of the Governance Agreement. Pursuant to the Governance Agreement, for so long as the percentage of

outstanding Common Shares (on a non-diluted basis) beneficially owned directly or indirectly by Tidewater Midstream is not less than 40% of the issued and outstanding Common Shares, Tidewater Midstream is entitled to nominate such number of TWM Board Members that is equal to the greater of two and 40% of the members of the Board (rounded up or down to the nearest whole number, if applicable). The nominees of Tidewater Midstream to the Board may be directors, officers or employees of Tidewater Midstream or its affiliates, or other persons, at Tidewater Midstream's discretion. See "*Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement*".

The shareholders are entitled to elect directors of the Company and the provisions of the Governance Agreement do not restrict the voting rights of shareholders. The Board has adopted a Majority Voting Policy requiring that a director tender his or her resignation if the director receives more "withhold" votes than "for" votes at any meeting where shareholders vote on the uncontested election of directors. The Governance, Compensation, Safety and Sustainability Committee will consider any such resignation and make a recommendation to the Board. In the absence of special circumstances, it is expected that the Board will accept the resignation consistent with an orderly transition. The director will not participate in any Governance, Compensation, Safety and Sustainability Committee or Board deliberations on the resignation offer. It is anticipated that the Board will make its decision to accept or reject the resignation within 90 days. The Board may fill the vacancy in accordance with the Company's by-laws, applicable corporate laws and provisions of the Governance Agreement.

In addition, the Company's by-laws also include "advance notice provisions" designed to: (i) facilitate an orderly and efficient annual meeting or, where the need arises, special meeting, process; (ii) ensure that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation. As a whole, these provisions are intended to provide shareholders, directors and Management of the Company with a clear framework for nominating directors. In particular, these provisions of the by-laws fix a deadline (being not less than 30 days before the date of an annual meeting of shareholders and, in the case of a special meeting, the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made) by which holders of record of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders, and also set forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders. The Company's by-laws are available on SEDAR at www.sedar.com under the Company's profile.

Compensation of Directors and Officers

The remuneration of the directors of the Company will be set and periodically reviewed by the Board on the recommendation of the Governance, Compensation, Safety and Sustainability Committee.

The compensation of Management will be periodically reviewed by the Board on the recommendation of the Governance, Compensation, Safety and Sustainability Committee. See "*Executive Compensation*".

The Company has implemented share ownership guidelines to encourage Director alignment with the interests of Shareholders. See "*Executive Compensation — Directors' Compensation — Director Share Ownership Guidelines*".

Board Committees

The Board has appointed two standing committees: (i) the Audit Committee and (iii) the Governance, Compensation, Safety and Sustainability Committee.

Audit Committee

The Audit Committee is comprised of Brett M. Gellner (Chair), John Adams and Margaret (Greta) Raymond, all of whom are independent and financially literate within the meaning of that term under NI 52-110. The specific responsibilities of the Audit Committee are set out in the Audit Committee Mandate and Terms of Reference, a copy of which is attached to this prospectus as Appendix “B”. The Audit Committee’s primary role is to: (i) review Management’s identification of principal financial risks and monitor the process to manage such risks; (ii) oversee and monitor the Company’s compliance with legal and regulatory requirements; (iii) oversee and monitor the integrity of the Company’s accounting and financial reporting processes, financial statements and system of internal controls regarding accounting and financial reporting and accounting compliance; (iv) oversee audits of the Company’s financial statements; (v) oversee and monitor the qualifications, independence and performance of the Company’s external auditors; (vi) provide an avenue of communication among the external auditors, Management, the accountants and the Board; and (vii) report to the Board regularly.

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

No fees have been billed to date by the Company’s auditors but an accrual of \$100,000 has been estimated for audit related fees associated with the prospectus. The table below provides disclosure of the fees billed to the Company by its external auditors to date, dividing the services into the categories of work performed.

Type of Work	2021 Fees	Nature of Services Performed
Audit Fees	Nil	N/A
Audit Related Fees	Nil	N/A
Tax Fees	Nil	N/A
All Other Fees	Nil	N/A
Total	Nil	N/A

Defined Terms:

“**Audit Fees**” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as statutory audits.

“**Audit-Related Fees**” include services that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under “*Audit Fees*” above. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, management information circulars and prospectus offerings, internal control reviews and audit or attest services not required by legislation or regulation.

“**Tax Fees**” include fees 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. Tax planning and tax

advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

“**All Other Fees**” include all other non-audit services.

All non-audit services are disclosed and approved by the Audit Committee.

Governance, Compensation, Safety and Sustainability Committee

The Governance, Compensation, Safety and Sustainability Committee is comprised of Margaret (Greta) Raymond (Chair), John Adams and Brett M. Gellner, all of whom are independent for the purposes of NI 58-101. The specific responsibilities of the Governance, Compensation, Safety and Sustainability Committee are set out in the Governance, Compensation, Safety and Sustainability Committee Mandate, a copy of which will be available on the Company’s website ([www.\[tidewater-renewables\].com](http://www.[tidewater-renewables].com)) upon completion of the Offering. The primary role of the Governance, Compensation, Safety and Sustainability Committee is to: (i) develop, implement and monitor governance standards and best practices; (ii) review the mandates of the Board and its committees; (iii) regularly assess the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors; (iv) oversee the preparation of the annual “Statement of Corporate Governance Practices”; (v) identify and recommend individuals for nomination as members of the Board and its committees and for appointment as officers; (vi) review and recommend to the Board all matters pertaining to the compensation of directors and Management; (vii) review the Company’s fundamental policies and internal controls pertaining to environment, health and safety, and sustainability and review procedures designed to minimize environmental, occupational health and safety and other risks to asset value while undertaking due consideration of opportunities and performance enhancement thereto; (viii) verify that management proactively identifies and monitors the impact of proposed legislation and other emerging issues in environmental and sustainability areas; and (ix) confirm that the Company’s business is conducted in a socially responsible, ethical and transparent manner and that management engages, respects and supports the communities in which the Company works.

Assessment of Directors, the Board and Board Committees

The members of the Board will collectively assess the performance of the Board as a whole, the committees of the Board and all directors. Such assessment will occur annually with an emphasis on the overall effectiveness and contributions made by the Board as a whole, the committees of the Board and all directors individually.

Diversity — Board and Executive Officers

Tidewater Renewables is committed to diversity on its Board and in executive officer positions. The Board recognizes that diversity among its directors will support balanced discussion and debate which, in turn, will enhance decision making by the Board while considering the different perspectives of the members of the Board. Upon Closing, the Board will adopt a formal written diversity policy (the “**Diversity Policy**”). The Board will seek to achieve a target of at least 30% representation by women on the Board by no later than the end of 2023. The achievement of this objective will be monitored and reported on by the Governance, Compensation, Safety and Sustainability Committee. Currently, 25% of the members of the Board are women and no executive officers of the Company are women.

The Board values diversity of experience, perspective, education, gender, background, race and national origin. The selection of candidates for appointment or nomination to the Board will be based on merit, experience and expected contribution to the Board’s performance, which accordingly takes in to account diversity.

The Board and the Company are committed to ensuring a diverse and inclusive culture across the organization, including at the executive level, by promoting equality of opportunity. The Company has not imposed quotas or targets regarding the representation of women in executive officer positions, however, the Board encourages the consideration of women who have the necessary skills, knowledge, experience and character when considering new potential candidates for executive officer positions.

Director Term Limits

The Board does not believe that fixed term limits or mandatory retirement ages are in the best interest of the Company and as such, it has not specifically adopted term limits or other automatic mechanisms for board renewal.

In considering nominees for the Board, the Governance, Compensation, Safety and Sustainability Committee will develop a skills and competencies matrix for the Board as a whole and for individual directors. The Governance, Compensation, Safety and Sustainability Committee will also conduct a process for the assessment of the Board as a whole, each committee and each director regarding his, her or its effectiveness and contribution, and will report evaluation results to the Board on a regular basis. In addition, the Governance, Compensation, Safety and Sustainability Committee will also assess the knowledge, experience and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of Management and Tidewater Midstream. The Board also considers whether the individual will enhance the diversity of views and experiences available to the Board in its deliberations.

The independent members of the Board were appointed July 12, 2021. Mr. MacLeod was appointed to the Board on May 11, 2021.

Environmental and Sustainability Oversight

Tidewater Renewables and its Board are committed to conducting business in an environmentally responsible and sustainable manner. Recognizing the importance of environmental and sustainability factors to the Company's business, the Board has delegated oversight of such factors to the Governance, Compensation, Safety and Sustainability Committee. This Committee is responsible for, among other things, reviewing and ensuring the adequacy of the Company's fundamental policies, internal controls, risks and opportunities pertaining to the environment, sustainability, climate change, health and safety. The Committee is also responsible for confirming that business is conducted in a socially responsible, ethical and transparent manner and that Management engages, respects and supports the communities in which the Company works. See "*Board Committees — Governance, Compensation, Safety and Sustainability Committee*" for further details.

Trading Restrictions

The Company has implemented an Insider Trading and Reporting Policy. See "*Executive Compensation — Anti-Hedging & Restrictions on Purchase of Financial Instruments*".

Clawback Policy

The Company has implemented a formal recoupment or "clawback" policy. See "*Executive Compensation — Clawback Policy*".

EXECUTIVE COMPENSATION

The following discussion describes the significant elements of the Company's executive compensation program, with particular emphasis on the process for determining compensation payable to Joel A. MacLeod, as the Executive Chairman and Chief Executive Officer, Joel K. Vorra, as the President and Chief

Financial Officer and Krasen V. Chervenkov, Executive Vice-President, Business Development and Strategy of the Company (together, the “**Named Executive Officers**”).

The description contained herein represents the incentive program approved by the Board for Tidewater Renewables — which program contains substantially similar components to Tidewater Midstream. Following Closing, the Governance, Compensation, Safety and Sustainability Committee will meet with Management to review the Company’s executive compensation program and, if deemed appropriate, will make further recommendations to the Board regarding changes to the program in light of the then relevant factors.

Compensation Discussion and Analysis

General

Following Closing and based on recommendations made by the Governance, Compensation, Safety and Sustainability Committee, the Board will make decisions regarding the following key short-term elements: (i) a base fixed amount of salary and benefits; (ii) a performance-based cash award; and the following key long-term elements: (i) Options; (ii) RSUs; and (iii) PSUs, for Management, and will approve corporate goals and objectives relevant to the compensation of the CEO and the other members of Management. The Board will solicit input from the CEO and the Governance, Compensation, Safety and Sustainability Committee regarding the performance of the Company’s other members of Management. Finally, the Board will also administer the incentive compensation and benefit plans with the assistance of the Governance, Compensation, Safety and Sustainability Committee.

CEO Compensation

The compensation of the CEO will be reviewed annually and determined by the Board as a whole on the recommendation of the Governance, Compensation, Safety and Sustainability Committee. It is anticipated that the level of CEO compensation will be determined by the Board considering all factors which they deem appropriate, including CEO salaries for companies of comparable size, industry, geography and complexity. The incentive awards will be determined by the Board, upon recommendation of the Governance, Compensation, Safety and Sustainability Committee, based on consideration such as the Company’s overall performance, relative shareholder returns or other relevant factors.

Compensation Objectives and Principles

The Board recognizes that the Company’s success depends greatly on its ability to attract, retain and motivate employees at all levels, which can only occur if the Company has an appropriately structured and executed compensation program. The Company’s compensation policies will be founded on the principle that executive and employee compensation should be consistent with shareholders’ interests and the Company’s incentive programs are therefore intended to encourage decisions and actions that will result in the Company’s growth and create long-term shareholder value, while specifically not rewarding excessive risk-taking by Management or employees. In determining the compensation to be paid to Management, the Governance, Compensation, Safety and Sustainability Committee will consider various items including corporate achievements, comparative market data and information supplied by Management or external consultants with expertise on such matters.

The principal objectives of the Company’s executive compensation program are as follows:

- to attract and retain qualified Management;
- to have a compensation package that is competitive within the marketplace;
- to align Management’s interests with those of the shareholders; and

- to reward the demonstration of both leadership and performance that creates long-term shareholder value.

The Governance, Compensation, Safety and Sustainability Committee's objective will be to ensure the compensation of the Named Executive Officers provides a competitive package that reflects the above objectives, as well as provides a link between discretionary short and long-term incentives with short and long-term corporate goals. The compensation package will be designed to reward performance based on the achievement of performance goals and objectives and to be competitive with comparable companies in the market in which the Company competes for talent.

Executive Compensation Details

Initially, executive compensation was determined relative to the executive compensation at Tidewater Midstream. After Closing, executive compensation is expected to be reviewed by the Governance, Compensation, Safety and Sustainability Committee and be determined by considering the anticipated size, scope, stage of development and risk profile of the Company relative to a group of peer companies to be selected by such committee, including energy transition entities. Thereafter, executive compensation is expected to be reviewed periodically and may be adjusted based on the size, scope, stage of development and risk profile of the Company.

Components of Compensation

The following components currently comprise the compensation package for the Named Executive Officers: (A) the following key short-term components: (i) a base fixed amount of salary and benefits; (ii) a performance-based annual cash award; and (B) the following key long-term components: (i) Options; (ii) RSUs; and (iii) PSUs. Following Closing, all salary increases, cash bonuses and long-term incentive compensation for the Named Executive Officers will be reviewed by the Governance, Compensation, Safety and Sustainability Committee and amended as deemed appropriate with the approval of the Board.

Base Salary

The base salary of each Named Executive Officer will be determined by the Governance, Compensation, Safety and Sustainability Committee. The base salary of each Named Executive Officer is anticipated to be based on the median of a group of peer companies but may be adjusted upward or downward to reflect factors that include the relative complexity of the Named Executive Officer's role as compared to the peer group. Salaries will be reviewed annually and compared to the compensation market through publicly available information and the broader market through analysis of industry compensation surveys as prepared by external compensation consultants. Consideration may also be given to internal factors including the strategy and growth plans of the Company and the objective to attract and retain highly talented individuals from the industry.

Annual Cash Awards

Annual cash awards are intended to motivate and reward Named Executive Officers for achieving and surpassing annual corporate and individual goals but are fully discretionary and are not guaranteed year over year. Bonuses for the Named Executive Officers will be recommended by the Governance, Compensation, Safety and Sustainability Committee and approved by the Board. Under the discretionary bonus plan, there are no guarantees that any employee or executive officer will receive a bonus.

Long-Term Incentive Program

The long-term incentive program of the Company currently consists of (i) Option grants (under the Option Plan), RSU grants (under the RSU Plan); and (iii) PSU grants (under the PSU Plan). These awards are intended to encourage participants to focus on creating and improving the Company's long-term financial

success and provide participants an opportunity to benefit from the share performance of the Company. The purpose of the long-term incentive program is to align the interests of shareholders and Management. See “Executive Compensation — Option and Share Based Incentive Plan Awards”.

Summary Compensation Table

Based on the information available at the date hereof, the following table sets out information concerning the initial expected annualized compensation anticipated to be paid by the Company to the Named Executive Officers for the fiscal year ended December 31, 2021.

Name and Principal Position	Salary (\$) ⁽¹⁾	Share- Based Awards (\$) ⁽²⁾	Option- Based Awards (\$) ⁽³⁾	Non-equity incentive plan compensation		All other compensation (\$) ⁽⁵⁾	Total compensation (\$)
				Annual incentive plans (\$) ⁽⁴⁾	Long-term incentive plans (\$) ⁽⁴⁾		
Joel A. MacLeod, CEO	1.00	250,000	N/A	N/A	N/A	N/A	250,001
Joel K. Vorra, President and CFO	210,000	180,000	N/A	N/A	N/A	N/A	390,000
Krasen V. Chervenkov, Executive Vice-President, Business Development and Strategy	210,000	180,000	N/A	N/A	N/A	N/A	390,000

Notes:

- (1) Base salaries presented are annualized amounts. The actual salaries paid during the year will be prorated based on the commencement date of the Named Executive Officer’s employment.
- (2) “**Share-Based Award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, phantom shares, phantom share units, common share equivalent units and stock. The amount of share-based incentive compensation to be paid to the Named Executive Officers in the form of RSUs for the 2021 calendar year, if any, has not yet been determined; but is expected to be approximately as shown in the table above.
- (3) “**Option-Based Award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. This does not represent cash paid to the NEO. The amount of option-based incentive compensation to be paid to the Named Executive Officers in the form of Options for the 2021 calendar year, if any, has not yet been determined.
- (4) The amount of non-equity incentive compensation to be paid to the Named Executive Officers in the form of annual cash awards for the 2021 calendar year, if any, has not yet been determined.
- (5) The Company does not currently have any non-equity long-term incentive plans.
- (6) The amounts under “All Other Compensation” will include the value of the PSU grants, the value, if any of the dividend equivalents on vested and unexercised RSUs, and the matching contributions, if any, made by the Company on behalf of the NEOs under the ESPP. The amount of all other compensation that might be paid to the Named Executive Officer has not yet been determined by the Governance, Compensation, Safety and Sustainability Committee and the Board.
- (7) The Company does not have a pension plan or retirement savings plan in place nor are any anticipated to be put in place on Closing.

Outstanding Option-Based Awards

The following table sets forth, for each Named Executive Officer, information that is known as of the date of this prospectus concerning the option-based awards that are anticipated to be outstanding on Closing.

Name and Principal Position	Common Shares underlying unexercised Options (#)	Exercise prices of Options (\$)	Option expiration dates	Value of unexercised in-the-money Options⁽¹⁾ (\$)
Joel A. MacLeod, CEO	N/A	N/A	N/A	N/A
Joel K. Vorra, President and CFO	N/A	N/A	N/A	N/A
Krasen V. Chervenkov, Executive Vice-President, Business Development and Strategy	N/A	N/A	N/A	N/A

Notes:

- (1) The market value of the Common Shares underlying these Options on the date of this prospectus is not reasonably ascertainable, given that the Common Shares are not and have never been publicly listed or traded.
- (2) None of the Options under the Option Plan will be vested on the date of Closing.

Option-Based Awards — Value Vested or Earned

No option-based awards presently awarded or anticipated to be awarded to the Named Executive Officers will be vested on Closing.

Outstanding Share-Based Awards

The following table sets forth, for each Named Executive Officer, information concerning the share-based awards that are anticipated to be outstanding on Closing.

Name and Principal Position	Number of RSUs that have not vested (#)	Value of RSUs that have not vested⁽¹⁾ (\$)	Number of Vested RSUs not paid out or distributed (#)	Market or payout value of vested RSUs not paid out or distributed⁽¹⁾ (\$)
Joel A. MacLeod, CEO	N/A	250,000	N/A	N/A
Joel K. Vorra, President and CFO	N/A	180,000	N/A	N/A
Krasen V. Chervenkov, Executive Vice-President, Business Development and Strategy	N/A	180,000	N/A	N/A

Notes:

- (1) The market value of the Common Shares underlying these RSUs on the date of this prospectus is not reasonably ascertainable, given that the Common Shares are not and have never been publicly listed or traded.
- (2) None of the RSUs under the RSU Plan will be vested on the date of Closing.

Share-Based Awards — Value Vested or Earned

No share-based awards presently awarded or anticipated to be awarded to the Named Executive Officers will be vested on Closing.

Termination and Change of Control Benefits

The Company has not entered into executive employment agreements with any Named Executive Officer nor has it entered into any change of control provisions that provide for payment of severance, other than the accelerated vesting of Options and RSUs in connection with a Take-Over Bid (as defined in the Option Plan and RSU Plan).

Directors and Officers Insurance and Indemnity Agreements

As of Closing, a directors' and officers' insurance policy will provide coverage for losses to Tidewater Renewables if it is required to reimburse directors and officers, where permitted, and for direct indemnity of directors and officers where corporate reimbursement is not permitted by law. This insurance protects the Company against liability (including costs), subject to standard policy exclusions, which may be incurred by directors and/or officers acting in such capacity for Tidewater Renewables. All of the Company's directors and officers are covered by the policy and the amount of insurance applies collectively to all.

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

Directors' Compensation

The Company has four Directors, one of whom, Joel A. MacLeod (Chief Executive Officer) is also an executive officer as at the date hereof. Mr. MacLeod, an executive officer of the Company who also acts as a director of the Company, does not receive any additional compensation for services rendered in such capacity. For a description of the compensation paid to Mr. MacLeod, see "*Executive Compensation — Executive Compensation Details*", above.

General

The compensation of the Company's directors is designed to attract and retain committed and qualified directors and to align their compensation with the long-term interests of its shareholders. The Board, on the recommendation of the Governance, Compensation, Safety and Sustainability Committee, is responsible for reviewing and approving any changes to the compensation arrangements for the Non-Employee Directors. Non-Employee Directors are limited to receiving not more than an aggregate of \$150,000 worth of awards under the security based compensation arrangements of the Company within any one year period.

Non-Employee Directors are eligible to participate in the DSU Plan and other long-term compensation plans adopted by the Company from time to time. However, (i) the RSU Plan prohibits Non-Employee Directors from being granted RSUs, and (ii) the aggregate fair market value of all Options granted to any one Non-Employee Director, shall not, as of the grant date: (A) exceed \$150,000 in any one calendar year when combined with grants to such Non-Employee Director under all other security based compensation arrangements of the Company; and (B) exceed \$100,000 in any one calendar year.

Director Share Ownership Guidelines

The Board believes it is important that directors demonstrate their commitment to the Company and their duties through share ownership. The Company has adopted share ownership guidelines that set out the

minimum levels of Common Share ownership for the Company's directors based on a multiple of their annual retainer. Pursuant to the guidelines, the Non-Employee Directors must hold Common Shares having a market value equal to three times their annual retainer. Each Non-Employee Director of the Company is required to meet and maintain ownership of the applicable minimum value of Common Shares within a period expiring five years from the later of: (a) the Closing Date, and (b) the date of their election or appointment to the Board. For the purpose of determining Common Share ownership of a particular director, the Company will include: (a) the value of Common Shares owned or controlled, directly or indirectly, by the director, the director's spouse and the director's dependent children; (b) the value of DSUs granted to the director under the DSU Plan; (c) the value of Common Shares held in a trust for the benefit of the director or his or her immediate family; and (d) the value of Common Shares held by the director in other individual retirement accounts.

Summary

Directors will be reimbursed for their reasonable out-of-pocket expenses incurred while serving as directors. It is anticipated that the Governance, Compensation, Safety and Sustainability Committee will review the compensation structure for the directors following Closing.

No retainer fees or DSUs have been provided to the directors prior to Closing. The amount of share-based incentive compensation to be paid to the Directors in the form of DSUs for the 2021 calendar year, if any, has not yet been determined, but is expected to be approximately \$75,000. Based on the information available at the date hereof, the following table sets out information concerning the initial expected annualized compensation anticipated to be paid by the Company to the directors.

Name	Fees earned (\$)⁽¹⁾	Share-based awards (DSUs)⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
John Adams	62,500	75,000	Nil	Nil	137,500
Margaret (Greta) Raymond	62,500	75,000	Nil	Nil	137,500
Brett M. Gellner	62,500	75,000	Nil	Nil	137,500

Notes:

- (1) Fees earned presented are annualized amounts. The actual salaries paid during the year will be prorated based on the commencement date of the Named Executive Officer's employment.
- (2) "**Share-Based Award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock. The amount of share-based incentive compensation to be paid to the Directors in the form of DSUs for the 2021 calendar year, if any, has not yet been determined, but is expected to be approximately \$75,000.

Directors will participate in the insurance and indemnification arrangements described under "*Executive Compensation — Executive Compensation Details — Directors and Officers Insurance and Indemnity Agreements*".

Director Outstanding Option-Based Awards

The following table sets forth, for each director, all share-based awards that are anticipated to be outstanding on Closing. No option-based awards have been granted to any directors of the Company.

Share-Based Awards⁽²⁾

Name	Number of DSUs that have not vested⁽¹⁾ (#)	Market Value of DSUs that have not vested⁽²⁾ (\$)	Number of Vested DSUs not paid out or distributed⁽¹⁾ (#)	Market or Payout Value of DSUs vested not paid out or distributed⁽²⁾ (\$)
John Adams	N/A	75,000	N/A	N/A
Margaret (Greta) Raymond	N/A	75,000	N/A	N/A
Brett M. Gellner	N/A	75,000	N/A	N/A

Notes:

- (1) All DSUs and the dividend equivalent rights associated therewith are not exercisable by a director until the redemption date, such redemption date occurring only after the cessation of directorship, and are therefore shown as unvested. Please see “*Executive Compensation — DSU Plan*”.
- (2) The market value of the Common Shares underlying these DSUs on the date of this prospectus is not reasonably ascertainable, given that the Common Shares are not and have never been publicly listed or traded. The amount of share-based incentive compensation to be paid to the Directors in the form of DSUs for the 2021 calendar year, if any, has not yet been determined, but is expected to be approximately \$75,000
- (3) None of the DSUs under the DSU Plan will be vested on the date of Closing.

Option and Share Based Incentive Plan Awards

The Company adopted the Option Plan and the RSU Plan to remain competitive in the energy industry, and the granting of reasonable levels of Options and RSUs is anticipated to be used as part of the Company’s overall compensation package. These option and share based awards are anticipated to provide an incentive for all of Tidewater Renewables’ personnel to ensure they are striving to maximize Shareholder value. The Board believes that establishing a policy of granting option and share based awards meets the Company’s business objectives provided that the total number of option and share based awards outstanding at any time is limited to a maximum of 10% of the Company’s issued and outstanding Common Shares.

The Option Plan and the RSU Plan are each administered by the Board, on the recommendation of the Governance, Compensation, Safety and Sustainability Committee, which has the power, subject to the limits imposed by the Option Plan and the RSU Plan, respectively, to: (i) award Options and RSUs thereunder; (ii) determine the terms under which Options and RSUs are granted; and (iii) make all other determinations and take all other actions in connection with the implementation and administration of the Option Plan and the RSU Plan, respectively.

The terms which the Board directs Options and RSUs may be granted, include such factors as it determines in its sole discretion, including any one or more of the following:

- (a) compensation data for comparable benchmark positions among the Company’s peer group;
- (b) the duties, responsibilities, position and seniority of the grantee;
- (c) various corporate performance measures for the applicable period compared with internally established performance measures approved by the Board and/or similar performance measures of members of the Company’s peer group for such period;
- (d) the individual contributions and potential contributions of the grantee to the Company’s success;

- (e) any bonus payments paid to or to be paid to the grantee, and any previous Options and RSUs granted to the grantee, in respect of his or her individual and potential contributions to the Company's success;
- (f) the fair market value or current market price of the Common Shares at the time of such grant; and
- (g) such other factors as the Board deems relevant in its sole discretion in connection with accomplishing the purposes of the Option Plan and RSU Plan, respectively.

Stock Options

The Company approved the implementation of the Option Plan on July 12, 2021. The following is a summary of certain provisions of the Option Plan, which is qualified in its entirety by the full text of the Option Plan.

The Option Plan permits the granting of Options to directors (provided such director is also either an officer or employee of the Company or its subsidiaries; a director who is neither an officer or employee of the Company or its subsidiaries is referred to herein as a "**Non-Employee Director**"), officers, employees of, and consultants to, the Company (see "*Executive Compensation — Option and Share Based Incentive Plan Awards — Stock Options*").

The Option Plan limits the total number of Common Shares that may be issued on exercise of Options outstanding at any time under the Option Plan to 10% of the number of Common Shares issued and outstanding less the number of Common Shares reserved for issuance under any other security based compensation arrangement (as defined in the policies of the TSX) of the Company, which includes the RSU Plan and the DSU Plan, subject to the following additional limitations:

- (a) the aggregate number of Options granted to any one person (and companies wholly owned by that person) in a 12 month period must not exceed 5% of the issued Common Shares, calculated on the date an Option is granted to the person (unless the Company has obtained the requisite disinterested Shareholder approval), less the aggregate number of Common Shares reserved for issuance to such person under any other security based compensation arrangement of the Company;
- (b) the maximum number of Common Shares reserved for issuance under Options granted to Insiders of the Company (as defined in the policies of the TSX) under the Option Plan, together with any other security based compensation arrangement of the Company, may not exceed 10% of the issued Common Shares;
- (c) the maximum number of Common Shares that may be granted to Insiders under the Option Plan, together with any other security based compensation arrangement of the Company, within a 12 month period, may not exceed 10% of the issued Common Shares;
- (d) the maximum number of Common Shares which may be reserved for issuance to Non-Employee Directors (as a group), under the Option Plan, together with all other Common Shares reserved for issuance to such Non-Employee Directors under other security based compensation arrangements of the Company, shall not exceed 1% of the Common Shares outstanding at the time of the grant (on a non-diluted basis);
- (e) the aggregate fair market value of all Options granted to any one Non-Employee Director, shall not, as of the grant date: (A) exceed \$150,000 in any one calendar year when combined with grants to such Non-Employee Director under all other security based compensation arrangements of the Company; and (B) exceed \$100,000 in any one calendar year;

- (f) the aggregate number of Options granted to any one consultant of the Company in a 12 month period must not exceed 2% of the issued Common Shares, calculated at the date an Option is granted to the consultant, less the aggregate number of Common Shares reserved for issuance to such consultant under any other security based compensation arrangement of the Company; and
- (g) the aggregate number of Options granted to all persons retained to provide investor relations activities must not exceed 2% of the issued Common Shares in any 12 month period, calculated at the date an Option is granted to any such person, less the aggregate number of Common Shares reserved for issuance to such person under any other security based compensation arrangement of the Company. Options issued to persons retained to provide investor relations activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the Options vesting in any three month period.

Each Option and all rights thereunder will expire on the date set out in the applicable option agreement and will be subject to the earlier termination provisions of the Option Plan. Under the Option Plan, in the event of the death of a participant, the Options previously granted to such participant will be exercisable only within one year after such death and then only to the extent that such deceased participant was entitled to exercise his or her Option at the date of his or her death. If a participant ceases to be a director, officer, consultant, employee of the Company for any reason (other than death), such participant may exercise his or her Option to the extent that such participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after such participant ceases to be a director, officer, consultant, employee, subject to extension at the discretion of the Board and unless such participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of such participant's services to the Company, subject to extension at the discretion of the Board.

Pursuant to the Option Plan, the exercise price shall be fixed by the Board at the time that the Option is granted; however, no Option shall be granted with an exercise price at a discount to the market price. The market price shall be the closing price of the Common Shares on the TSX on the first day preceding the date of grant. Once the exercise price has been determined by the Board, accepted by the TSX and the Option has been granted, the Board will not be entitled, in the absence of shareholder and TSX approval, to reduce the exercise price of an Option. The Option Plan also provides that the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, subject to any vesting restrictions imposed by the TSX.

The Option Plan includes a black-out provision. Pursuant to the policies of the Company respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Company's securities. These periods are referred to as "black-out periods". A black-out period is designed to prevent a person from trading while in possession of material information that is not yet available to other Shareholders. The TSX recognizes these black-out periods might result in an unintended penalty to employees who are prohibited from exercising their Options during that period because of their Company's internal trading policies. As a result, the TSX provides a framework for extending Options that would otherwise expire during a black-out period. The Option Plan includes a provision that should an Option expiration date fall within a black-out period or immediately following a black-out period, the expiration date will automatically be extended without any further act or formality to that date which is the 10th business day after the end of the black-out period, and the 10 business day period may not be further extended by the Board.

Based on the policies of the TSX, the Option Plan specifies the types of amendments to the Option Plan and the Options granted thereunder that can be made by the Board without the approval of the Shareholders. The Option Plan allows the Board to terminate or discontinue the Option Plan at any time without the consent of the Option holders, provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Option Plan. The only amendments to the Option Plan that would be subject to Shareholder approval are amendments that would:

- (a) reduce the exercise price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise price of the Option (whether, for the avoidance of doubt, such Option is held by an Insider or a non-Insider);
- (b) extend the expiry date of an Option (subject to such date being automatically extended by virtue of the black-out provision noted above or an extension of the early termination provisions of the Option Plan by the Board);
- (c) amend the limitations on the maximum number of Common Shares reserved or issued to Insiders and Non-Employee Directors;
- (d) make any amendments to the Option Plan that would permit an Option holder to transfer or assign Options to a new beneficial owner other than for estate settlement purposes;
- (e) increase the maximum number of Common Shares issuable pursuant to the Option Plan; or
- (f) amend the amendment provisions of the Option Plan.

Pursuant to the Option Plan, all benefits, rights and options accruing to any participant are not transferable or assignable unless in the event of the death of a participant or to the extent, if any, permitted by the TSX.

The Company anticipates that it will grant Options twice annually to all employees and officers, as approved by the Board, consistent with its employee retention philosophy and practices.

Restricted Share Units

The Company approve the implementation of the RSU Plan on July 12, 2021. The following is a summary of certain provisions of the RSU Plan, which is qualified in its entirety by the full text of the RSU Plan.

RSUs may be granted to officers, employees and consultants under the RSU Plan. Non-Employee Directors may not be granted RSUs under the RSU Plan.

The RSU Plan is a rolling plan which reserves for issuance a maximum of 5% of the issued and outstanding Common Shares. In no event shall the number of outstanding RSUs, Options and DSUs (on a combined basis) exceed 10% of the issued and outstanding Common Shares.

Unless disinterested Shareholder approval is obtained (or unless permitted otherwise by the rules of the TSX), the RSU Plan provides the following limitations:

- (a) the maximum number of Common Shares which may be reserved for issuance to Insiders under the RSU Plan, together with any other security based compensation arrangement of the Company, may not exceed 10% of the issued Common Shares;
- (b) the maximum number of RSUs that may be granted to Insiders under the RSU Plan, together with any other security based compensation arrangement of the Company, within a 12-month period, may not exceed 2% of the issued Common Shares calculated on the grant date;
- (c) the maximum number of RSUs that may be granted to any one Insider under the RSU Plan, may not exceed 1% of the issued Common Shares calculated on the grant date; and
- (d) the maximum number of RSUs that may be granted to any one eligible person under the RSU Plan, together with any other security based compensation arrangement of the Company, within a 12-month period, may not exceed 5% of the issued Common Shares calculated on the grant date.

At the option of the Company at the time of redemption by a participant, the Company may, subject to certain regulatory requirements, settle the vested RSUs that are redeemed by a participant for either Common Shares (with each full RSU to be redeemed for one Common Share) or, a lump sum payment equal to the amount determined by multiplying the number of RSUs to be redeemed by the market price of the Common Shares at such time.

Pursuant to the RSU Plan, there are no mandatory vesting provisions. At the discretion of the Board, on the recommendation of the Governance, Compensation, Safety and Sustainability Committee, RSUs granted under the RSU Plan may contain vesting conditions and the initial grant of RSUs have vesting provisions of one-third vesting on each anniversary date of the RSUs. The RSUs have a maximum expiry date of December 31 on the third year from the grant date.

All RSUs will be exercisable only by the person to whom they are granted and are generally non-assignable and non-transferable.

Unless otherwise determined by the Board, in its sole discretion, and subject to certain other provisions of the RSU Plan:

- (a) upon the voluntary resignation or the termination for cause of a participant, all of the participant's RSUs which remain unvested will be forfeited; and
- (b) upon the termination without cause, disability, the retirement or death of a participant, the participant will have a number of RSUs become vested in a linear manner equal to the sum for each grant of RSUs of the original number of RSUs granted multiplied by the number of completed months of employment since the date of grant divided by the number of months required to achieve the full vesting of such RSUs reduced by the actual number of RSUs, if applicable, that have previously become vested in accordance with the plan.

Subject to the terms of an applicable employment agreement, the vesting of RSUs and other awards may be accelerated upon the occurrence of a double trigger, including any one of a number of specified events that constitute a change of control of the Company and termination of the participant.

The RSU Plan contains provisions for adjustment in the number of Common Shares issuable on redemption of RSUs in the event of a share consolidation, split, reclassification or other relevant change in the Common Shares, or an amalgamation, merger or other relevant change in the Company's corporate structure, or any other relevant change in the Company's capitalization.

If the redemption date for a RSU occurs during or within 10 business days of a black-out period applicable to such participant, then the redemption date will be extended to the close of business on the 10th business day following the expiration of such period.

RSU Plan also:

- (a) permits the account of a participant under the RSU Plan to be credited with the equivalent amount of any dividend paid on a Common Share in the form of additional RSUs, if the Board, in its sole discretion, so determines; and
- (b) includes a definition of "Market Price" that means the volume weighted average price of the Common Shares on the TSX, or another stock exchange where the majority of the trading volume and value of the listed securities occurs, for the five trading days immediately preceding the relevant date.

Subject to the applicable law and regulatory approval, if any, the RSU Plan may be amended without Shareholder approval for the following:

- (a) amendments of a “housekeeping” nature;
- (b) amending RSUs under the RSU Plan, including with respect to advancing the date on which any RSU may vest and the effect of termination of a participant, provided that such amendment does not adversely alter or impair any RSU previously granted to a participant without the consent of such participant;
- (c) amendments necessary to comply with the provisions of applicable law or the applicable rules of the TSX, including with respect to the treatment of RSUs granted under the RSU Plan;
- (d) amendments respecting the administration of the RSU Plan;
- (e) any amendments necessary to suspend or terminate the RSU Plan; and
- (f) any other amendment not requiring Shareholder approval under applicable law (including the policies of the TSX).

Notwithstanding the foregoing, Shareholder approval is required for the following amendments to the RSU Plan:

- (a) any amendment to the eligible persons under the RSU Plan, including amendments that may permit the reintroduction of Non-Employee Directors as eligible persons;
- (b) an amendment to remove or exceed the limits on participation under the RSU Plan;
- (c) an increase to the aggregate percentage of securities issuable under the RSU Plan;
- (d) any amendment to the RSU Plan allowing awards granted under the RSU Plan to be transferable or assignable to a new beneficial owner other than for normal estate settlement purposes;
- (e) any amendment that would have the effect of extending the term of a RSU beyond the original expiry;
- (f) an amendment granting additional powers to the Board to amend the RSU Plan without Shareholder approval; and
- (g) any amendment to the amending provisions of the RSU Plan.

The Company anticipates that it will grant RSUs twice annually to all employees and officers, as approved by the Board, consistent with its employee retention philosophy and practices.

The value of the RSUs on any particular date will be calculated by multiplying the number of RSUs in the participant’s RSU account by the then market value of the Common Shares.

Performance Share Units

The Company approved the implementation of the PSU Plan on July 12, 2021.

The PSU Plan provides for the grant of PSUs based on the most recent year’s corporate performance. These payments are in the equivalent of cash amounts which are used to make purchases in the market for Common Shares. The awards, if any, will have a non-dilutive effect on Shareholders and will align the interests of the executive officers with all Shareholders. As a result, the PSU Plan provides a link to short-term performance, alignment to long-term Shareholder interests and enables retention of employees and

officers without the dilutive aspects of issuing Common Shares from treasury or granting of other share based incentive awards. The table below summarizes the characteristics of the PSU Plan:

Form of Award	Common Shares acquired through the market.
Participants	Employees and officers of the Company, and employees of a person or company which provides management services to the Company. Directors are not eligible to receive PSUs unless they provide ongoing day-to-day management services to the Company.
Dividends	Are paid on outstanding, unvested, PSUs.
Vesting	Awards upon satisfaction of the vesting conditions, as determined by the Board, in their sole discretion, applicable to a particular award. If the employee leaves the employment of the Company for any reason other than retirement at normal retirement age, the unvested Common Shares are forfeited by the employee.
Payout	In Common Shares. The Common Shares purchased under the PSU Plan are restricted shares, as they can only be paid out in kind at vesting.
Performance Measures	The size of the award varies depending upon the corporate performance of the most recent year as measured by the performance scorecard used to determine the short-term incentive program payout. Awards may be nil when corporate performance is below a threshold level. Future realized values at the time of vesting will reflect stock price, performance and reinvested dividends over the vesting period.

The PSUs are expected to be granted based on certain corporate performance measures as determined by the Board from time to time. In determining awards granted pursuant to the PSU Plan, the Board takes into consideration any previous awards granted. For executive officers, PSU awards are based on corporate performance. At or below the minimum level of corporate performance, no PSUs will be awarded.

Employee Share Purchase Plan

On July 12, 2021, the Board approved an employee share purchase plan (the “**ESPP**”) whereby eligible employees can purchase Common Shares. The Company will match 100% of the employee’s contribution, up to a maximum of 5% of the employee’s base salary. The Common Shares are acquired on the TSX consistent with the timing of the employee’s remuneration.

DSU Plan

The Company approved the implementation of the DSU Plan on July 12, 2021.

The DSU Plan allows the Board to grant DSUs to members of the Board, who are Non-Employee Directors (i.e. not also a full time employee of the Company or its subsidiaries). The purposes of the DSU Plan are to: (i) promote greater alignment of the interests between the Company’s directors and the Shareholders by providing a means to accumulate a financial interest in the Company that corresponds to the risk, responsibility and commitment of directors; (ii) support compensation that is competitive and rewards the Company’s long-term success as measured in total shareholder return; and (iii) attract and retain qualified individuals with the experience and ability to serve as directors.

The DSU Plan is administered by the Governance, Compensation, Safety and Sustainability Committee. Subject to the Governance, Compensation, Safety and Sustainability Committee’s reporting to and

obtaining approval from the Board on all matters relating to the DSU Plan, the Governance, Compensation, Safety and Sustainability Committee has sole and absolute discretion to administer the DSU Plan.

The Governance, Compensation, Safety and Sustainability Committee authorizes the amount of DSUs to be granted to each of the participants for each calendar year, and the date that the grant becomes effective. In cases where a participant becomes a Board member after the DSUs for that calendar year have been granted, DSUs may be granted as of the date of the appointment to the Board and in such amount as determined by the Governance, Compensation, Safety and Sustainability Committee. The Governance, Compensation, Safety and Sustainability Committee may also from time to time determine that special circumstances justify the approval of a grant of DSUs in addition to the other compensation to which the participant is entitled.

Participants may also elect to receive all or part of their annual remuneration in the form of DSUs, which election may be subject to a minimum percentage portion of such participant's annual remuneration that is required to be satisfied in the form of DSUs at the discretion of the Board. Notwithstanding such election by a participant, the Board may decline to award DSUs to a participant in respect of such participant's annual remuneration in a particular calendar year.

DSUs are not transferable or assignable.

Subject to an extension for a blackout period, the Company will credit DSUs in respect of an election to a participant's DSU account on the date that the remuneration would otherwise be payable. The number of DSUs credited is determined by dividing the amount of the participant's deferred remuneration by the Fair Market Value of the Common Shares on the date the DSUs are credited. For the purposes of the DSU Plan, "Fair Market Value" means with respect to a Common Share, "as at any date", means the volume weighted average of the prices at which the Common Shares traded on the TSX (or if the Common Shares are then listed and posted on a stock exchange other than the TSX, or more than one stock exchange, such stock exchange as may be selected by the Board in its sole discretion) for the five trading days on which the Common Shares traded on the said exchange immediately preceding such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value as determined by the Board in its sole discretion, acting reasonably and in good faith.

The number of Common Shares reserved for issuance from time to time pursuant to outstanding DSUs granted and outstanding under the DSU Plan is currently limited to 10% of the issued and outstanding Common Shares (less the number of Common Shares issuable pursuant to all other security based compensation arrangements). If any DSUs granted under the DSU Plan expire, terminate or are cancelled for any reason without the Common Shares issued thereunder having been issued in full, any unissued Common Shares to which such DSUs relate shall be awardable for the purposes of granting of further restricted DSUs.

The aggregate number of DSUs that may be granted to any single holder under the DSU Plan, together with Common Shares reserved for issuance to a participant under any other security based compensation arrangement of the Company, shall not exceed 1% of the issued and outstanding Common Shares. In accordance with the rules of the TSX, the number of Common Shares issued to Insiders within one year pursuant to the DSU Plan, and issuable to Insiders at any time, under the DSU Plan or when combined any other security based compensation arrangement of the Company, shall not exceed 10% of the issued and outstanding Common Shares. The aggregate Fair Market Value of all DSU grants to any one participant, when combined with grants to such director under any other security based compensation arrangement of the Company, shall not, as of the grant date, exceed \$150,000 in any one calendar year.

DSUs receive dividend equivalent rights. Dividends paid on the Common Shares before the maturity date of the DSUs will be credited as DSUs to the participant's account as of the dividend payment date.

DSUs vest immediately upon being credited to a participant's account.

Following the date on which the participant ceases to hold all positions with the Company and its subsidiaries (the "**Termination Date**"), except as a result of death, all DSUs credited to a participant's account will be redeemed as of the maturity date. The maturity date for U.S. taxpayers is the Termination Date.

For directors who are not U.S. taxpayers, the maturity date is December 1st of the calendar year immediately following the year of the Termination Date. Directors may file an irrevocable maturity date acceleration election subsequent to the Termination Date. Subject to the exceptions below, the elected maturity date must be no earlier than 180 days after the Termination Date and no later than December 1st of the calendar year following the Termination Date. The elected maturity date may be any time between the Termination Date and December 1st of the following calendar year, if one of the following exceptions apply: (i) the director resigns pursuant to the "majority voting" or similar policy; (ii) the director fails to be elected as a director at a Shareholder meeting after being included as a nominee in the Company's information circular; or (iii) the director is removed from office by a vote of Shareholders.

Following a participant's Termination Date except as a result of death, the participant will have the right to have the DSUs credited to their account redeemed by the Company. All DSUs and dividend entitlements thereon (if any) will be redeemed, at the election of the Company, for a cash payment or through the issuance of Common Shares from treasury or purchased on the market and any combination of these. The payment will be equal to the number of DSUs and dividend entitlements thereon (if any) in the participant's account as of the Termination Date, multiplied by the Fair Market Value of the Common Shares determined at the maturity date.

If a participant dies while in office, or after ceasing to hold any position with the Company and its subsidiaries but before the Maturity Date, the Company must make a lump sum cash payment to the participant's legal representative within 90 days of the participant's death. The cash payment will be equal to the number of DSUs in the participant's account as of the date of the participant's death, multiplied by the Fair Market Value of the Common Shares determined at the date of death.

Participants have no further rights respecting any redeemed DSUs. DSUs are deemed cancelled upon redemption.

The DSU Plan may be amended, modified or terminated by the Board without Shareholder approval, subject to any required approval of the TSX. Notwithstanding the foregoing, the DSU Plan and any DSUs granted under the DSU Plan may not be amended without Shareholder approval to:

- (a) increase the fixed number of Common Shares available to be issued under outstanding DSUs at any time;
- (b) extend the term of any outstanding DSUs;
- (c) permit a holder to transfer or assign DSUs to a new beneficial holder other than in the case of death of the holder;
- (d) increase the number of Common Shares that may be issued to participants above the restriction in the DSU Plan;
- (e) increase the number of Common Shares that may be issued to Insiders above the restriction contained in the DSU Plan;
- (f) change participants eligible to receive DSUs under the DSU Plan to permit the introduction or re-introduction of Non-Employee Directors on a discretionary basis; or

- (g) amend the amendment provision.

In addition, no amendment to the DSU Plan or DSUs granted pursuant to the DSU Plan may be made without the consent of the holder, if it adversely alters or impairs any right previously granted to such holder under the DSU Plan.

The DSU Plan also contains anti-dilution provisions which allow the Board to make such adjustments to the DSU Plan and to any DSUs as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to participants thereunder.

Anti-Hedging & Restrictions on Purchase of Financial Instruments

The Company's Insider Trading and Reporting Policy prohibits directors, officers, employees, and consultants of the Company, as well as anyone else who qualifies as an insider under applicable securities laws, from engaging in transactions that could reduce or limit their economic risk with respect to their holdings of securities of the Company, including Common Shares, Options, PSUs, DSUs and RSUs. Prohibited transactions include hedging strategies, equity monetization transactions, transactions using short sales, puts, calls, exchange contracts, derivatives and other types of financial instruments (including, but not limited to, prepaid variable forward contracts, equity swaps, collars, and exchange funds), and limited recourse loans to the directors or executives secured by Common Shares.

Clawback Policy

The Company has implemented a formal recoupment or "clawback" policy on the incentive compensation of its Chief Executive Officer and Chief Financial Officer, including, without limitation, Options, RSUs and PSUs that may be awarded to the Chief Executive Officer or Chief Financial Officer when (i) the executive engages in willful misconduct or fraud which causes or significantly contributes to a restatement of the Company's financial statements due to material noncompliance by the Company with any applicable financial reporting requirement under securities laws, (ii) the executive receives incentive compensation calculated on the achievement of those financial results, and (iii) the incentive compensation received would have been lower had the financial statements been properly reported. The policy provides that when a clawback is triggered, upon the recommendation of the Governance, Compensation, Safety and Sustainability Committee, the Board may, in its sole discretion and to the extent that it determines it is in the Company's best interests to do so, require the Chief Executive Officer and/or the Chief Financial Officer to repay the amount of incentive compensation relating to the year(s) subject to the restatement or received upon exercise or payment of incentive compensation in or following the year(s) subject to the restatement that is in excess of the incentive compensation the executive would have received if the incentive compensation had been computed in accordance with the results as restated, calculated on an after tax basis.

PLAN OF DISTRIBUTION

The Offering consists of ● Offered Shares. See "*Description of Share Capital*" for a description of the attributes of the Common Shares.

Under an agreement dated ●, 2021 between the Company, Tidewater Midstream and the Underwriters (the "**Underwriting Agreement**"), the Company has agreed to sell and the Underwriters have severally agreed to purchase, on ●, 2021 or on such other date as may be agreed upon among the parties thereto, but in any event no later than ●, 2021, an aggregate of ● Common Shares, each at a price of \$● per Common Share, payable in cash to the Company or Tidewater Midstream, as applicable, against delivery of the Common Shares, for aggregate gross proceeds of \$● million to the Company. In consideration for their services in connection with the Offering, the Company has agreed to pay the Underwriters a fee equal to \$● per Common Share sold pursuant to the Offering, including any Common Shares sold pursuant to the Over-Allotment Option. It is estimated that the total expenses of the Offering, not including the Underwriters'

Commissions, will be approximately \$● million. The Underwriter's Commissions are payable on Closing. All such expenses of the Offering will be paid by the Company. The Underwriters may form a selling group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of the Underwriters' Commissions.

The Offering Price was determined by negotiations between the Company, on the one hand, and the Underwriters, on the other hand.

The Underwriters propose to offer the Common Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Common Shares at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page. In the event that the Offering Price is reduced, the compensation received by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Common Shares is less than the gross proceeds paid by the Underwriters to the Company for such Common Shares. Any such reduction in price will not affect the proceeds received by the Company.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. If an Underwriter fails to purchase the Common Shares which it has agreed to purchase, the remaining Underwriter(s) may terminate their obligation to purchase their allotment of Common Shares, or may, but are not obligated to, purchase the Common Shares not purchased by the Underwriter or Underwriters which fail to purchase. The Underwriters are, however, obligated to take up and pay for all of the Common Shares if any of the Common Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Company and Tidewater Midstream will jointly and severally indemnify the Underwriters, their respective affiliates and each of their respective directors, officers, employees, partners, agents and each other person, if any, controlling an Underwriter or any of its subsidiaries and each shareholder of the Underwriter against certain liabilities, claims, actions, complaints, losses, costs, fines, penalties, taxes, interest, damages and expenses.

The Offering is being made in each of the provinces of Canada. The Common Shares offered under this prospectus will be offered in each of the provinces of Canada through those Underwriters or their affiliates who are registered to offer such Common Shares for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law and the provisions of the Underwriting Agreement, the Underwriters may offer such Common Shares outside of Canada.

The Company has applied to have the Common Shares listed on the TSX under the symbol "LCFS". Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the Company's listing application and there is no assurance that the TSX will approve the listing application. Closing is conditional upon the Common Shares being approved for listing on the TSX.

The Common Shares offered under this prospectus have not been, and will not be, registered under the U.S. Securities Act, or any state securities laws, and may not be offered or sold within the United States absent registration or pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement and except for offers and sales made pursuant to an available exemption from the registration requirements of the U.S. Securities Act, the Common Shares to be sold pursuant to the Offering may not be offered or sold within the United States. Each Underwriter has agreed that it will not offer or sell Common Shares within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Common Shares that they have acquired pursuant to the Underwriting Agreement in the United States to qualified institutional buyers ("**Qualified Institutional Buyers**") in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also

provides that the Underwriters will offer and sell the Common Shares outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the Closing, an offer or sale of the Common Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer is made pursuant to an exemption from registration under the U.S. Securities Act.

Prior to the Offering, there has been no public market for the Common Shares. The sale of a substantial amount of the Common Shares in the public market after the Offering, or the perception that such sales may occur, could adversely affect the prevailing market price of the Common Shares. See “*Risk Factors — Risks Relating to the Offering of Common Shares — Absence of Public Market for the Common Shares*”. Furthermore, because the Company has agreed that it will not offer or sell any equity securities of the Company (or other securities convertible into, or exchangeable or exercisable for, equity securities of the Company) for a period after Closing due to the restrictions on resale described under “*Plan of Distribution — Standstill*” below, the sale of a substantial amount of Common Shares in the public market after these restrictions lapse could adversely affect the prevailing market price of the Common Shares.

Subscriptions for Common Shares offered under this prospectus will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that Closing will occur on or about ●, 2021 or such later date as the Company and the Lead Underwriters may agree, but in any event not later than ●, 2021. The Common Shares offered under this prospectus are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the final prospectus. Common Shares sold pursuant to the Offering will be registered in the name of CDS and electronically deposited with CDS on the date of Closing. Purchasers of Common Shares will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Common Shares is acquired.

Over-Allotment Option

The Company has granted to the Underwriters the Over-Allotment Option, exercisable at the Underwriters’ sole discretion at any time, in whole or in part, from time to time, until 30 days after Closing, to purchase, at the Offering Price, up to an additional ● Common Shares (representing 15% of the Common Shares offered under the Offering) to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering will be approximately \$● after deducting the Underwriters’ Commissions payable to the Underwriters of \$● and the expenses of the Offering estimated to be approximately \$3 million. This prospectus also qualifies the distribution of the Common Shares issuable pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters’ over-allocation position acquires those Common Shares under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or otherwise affect the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be “covered short sales”, which are short positions in an amount not greater than the Over-Allotment Option, or may be “naked short sales”, which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market or as otherwise permitted by applicable law. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared with the price at which they may purchase Common Shares through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Common Shares in the open market or as otherwise permitted by applicable law. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or as otherwise permitted by applicable law.

Standstill

The Company and Tidewater Midstream have agreed that, subject to certain exceptions, Tidewater Renewables and Tidewater Midstream will, respectively and as applicable, not, directly or indirectly, without the prior written consent of the Lead Underwriters issue, or offer, grant any option, warrant or other right to purchase or agree to issue or sell, or otherwise lend, transfer, assign, pledge or dispose of, in a public offering or by way of private placement or otherwise, any equity securities of the Company or other securities convertible into, exchangeable for, or exercisable into Common Shares or other equity securities of the Company, or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing (other than the Common Shares offered under the Offering, including upon the exercise of the Over-Allotment Option, and the Common Shares issuable pursuant to the Option Plan), for a period of 180 days from the date of Closing.

In addition, each of the members of Management and the Board is required to, prior to the execution of the Underwriting Agreement, execute an undertaking in favor of the Underwriters not to, directly or indirectly, offer or sell, agree to offer or sell, otherwise transfer, dispose of, monetize or engage in any hedging transaction, or enter into an agreement to offer or sell, transfer, dispose or monetize or hedge or announce the intention to so do, in any manner whatsoever, any securities of the Company any time until 180 days from the date of Closing.

RELATIONSHIPS AMONG THE COMPANY, TIDEWATER MIDSTREAM AND CERTAIN UNDERWRITERS

CIBC, NBF and RBC Dominion Securities Inc. are direct or indirect wholly-owned subsidiaries of certain Canadian chartered banks which are (i) lenders to Tidewater Midstream (collectively, “**Tidewater Midstream Lenders**”) and to which Tidewater Midstream is presently indebted pursuant to secured credit facilities (the “**Tidewater Midstream Credit Facilities**”), and (ii) proposed Lenders to Tidewater Renewables under the Credit Facility. Additionally, ATB Capital Markets Inc. is a majority-owned subsidiary of ATB Financial. ATB Financial is a provincially regulated financial institution and is also a (i) a Tidewater

Midstream Lender and to which Tidewater Midstream is presently indebted, and (ii) a proposed lender to Tidewater Renewables under the Credit Facility. Consequently, the Company may be considered to be a connected issuer of CIBC, NBF, RBC Dominion Securities Inc. and ATB Capital Markets Inc. under applicable Canadian securities laws.

As at the date of this prospectus, the Credit Facility is not in place but is expected to be in place upon Closing of the Offering. See “*Credit Facility*” and “*Capitalization*”.

As at June 30, 2021, approximately \$472 million was drawn on the Tidewater Midstream Credit Facilities. Tidewater Midstream is in compliance with all material terms of the agreements governing the Tidewater Midstream Credit Facilities and has not been in default or otherwise in breach of such agreements since its relevant execution date. Tidewater Midstream’s financial position has not changed adversely since the indebtedness under the Tidewater Midstream Credit Facilities was incurred.

The decision to sell the Common Shares pursuant to the Offering was made by the Company and Tidewater Midstream and the determination of the terms of the Offering, including the Offering Price of such Common Shares, has been determined by negotiations between the Company and Tidewater Midstream, on the one hand, and the Underwriters, on the other hand. The Lenders did not have any involvement in such decision or determination; however, the Lenders have been advised of the Offering and the terms thereof. As a consequence of the Offering, each of the Underwriters will receive their respective share of the Underwriters’ fee payable by the Company and Tidewater Midstream to the Underwriters. In addition, certain of the net proceeds of the Offering will be paid by the Company to Tidewater Midstream and, therefore, each of the Tidewater Midstream Lenders may indirectly receive a portion of proceeds from the Offering as a repayment of outstanding revolving indebtedness under the Tidewater Midstream Credit Facilities. Further, the Lenders under the Credit Facility may receive a portion of the Company’s proceeds from the Offering as a repayment of outstanding revolving indebtedness, if any, under the Credit Facility. See “*Use of Proceeds*”.

PRINCIPAL SHAREHOLDERS

Tidewater Midstream has advised the Company that it may sell all or a substantial portion of its Common Shares, subject to market conditions, to meet Tidewater Midstream’s requirements for capital or for other reasons. Tidewater Midstream has indicated to the Company that, other than pursuant to the Offering, it has no specific plans or timing to sell such Common Shares. See “*Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement*” and “*Risk Factors — Risks Relating to the Company’s Relationship with Tidewater Midstream*”.

The table below sets forth the number and percentage of outstanding Common Shares owned by Tidewater Midstream as of the date of this prospectus, the type of ownership of those Common Shares, the number of Common Shares anticipated to be sold by Tidewater Midstream pursuant to the Offering and the number and percentage of Common Shares anticipated to be owned by Tidewater Midstream after giving effect to the Offering (both with and without giving effect to the exercise of the Over-Allotment Option).

Shareholder Name	Type of Ownership ⁽¹⁾	Number and percentage of Common Shares owned, controlled or directed prior to giving effect to the Offering ⁽²⁾	Number and percentage of Common Shares owned, controlled or directed after giving effect to the Offering and Completion of the Acquisition ⁽³⁾	Number and percentage of Common Shares owned, controlled or directed after giving effect to the Offering, Completion of the Acquisition and exercise in full of the Over-Allotment Option ⁽³⁾
Tidewater Midstream	Common Shares	● (●%)	● (●%)	● (●%)

Notes:

- (1) Such Common Shares are owned both of record and beneficially by Tidewater Midstream.
- (2) See “*Prior Sales*”. Tidewater Midstream holds 100% of the Common Shares on a fully-diluted basis.
- (3) On a fully-diluted basis, ●% of the Common Shares will be held by Tidewater Midstream after giving effect to the Offering and ●% of the Common Shares will be held by Tidewater Midstream after giving effect to the Offering and exercise in full of the Over-Allotment Option.
- (4) None of the Common Shares are held, or are to be held following Closing, subject to any voting trust or other similar agreement.

PRIOR SALES**Summary of Equity Issuances to Tidewater Midstream**

During the 12-month period prior to the date of this prospectus, the Company issued the one Common Share to Tidewater Midstream at a price of \$1.00.

Prior to the Closing Date, Tidewater Midstream will subscribe for 50,000,000 voting Preferred Shares of Tidewater Renewables for an aggregate of \$1,000. The number of Preferred Shares owned by Tidewater Midstream may be adjusted to ensure that Tidewater Midstream controls Tidewater Renewables throughout the completion of the Offering and the Acquisition and, upon closing thereof, such Preferred Shares will be redeemed for \$1,000. See “*Formation of the Company — The Acquisition*”.

Option, RSU, DSU and PSU Issuances

No Option, RSU, DSU or PSU issuances have been made by the Company prior to the date of this prospectus.

PROMOTER

Tidewater Midstream may be considered a promoter of the Company within the meaning of Canadian Securities Laws. To the knowledge of the Company, as of the date of this prospectus, Tidewater Midstream beneficially owns, controls or directs, directly or indirectly, one Common Share, representing 100% of the issued and outstanding Common Shares. Immediately, upon Closing and completion of the Acquisition, Tidewater Midstream will hold ●% of the issued and outstanding Common Shares (●% if the Over-Allotment Option is exercised in full). See “*Principal Shareholders*”.

See “*Formation of the Company*” for details of the consideration to be paid by Tidewater Renewables to Tidewater Midstream for the Acquired Assets. The consideration paid by Tidewater Midstream for the Acquired Assets was \$51,249,000 and such assets were acquired on November 1, 2019 (as to those assets located at PGR) and December 2016 (as to those assets located at BRC).

Tidewater Midstream and the Company entered into certain contracts in connection with the completion of the Acquisition. See “*Agreements with Tidewater Midstream and Other Counterparties*”.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise described in this prospectus, there is no material interest, direct or indirect, of: (i) any director or executive officer of the Company; (ii) any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares; or (iii) any affiliate of the persons or companies referred to above in (i) or (ii), in any transaction within the three years before the date of this prospectus that has materially affected or is reasonably expected to materially affect the Company.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of DLA Piper (Canada) LLP, counsel to the Company, and Burnet, Duckworth & Palmer LLP, counsel to the Underwriters, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder who acquires, as beneficial owner, Offered Shares pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, holds the Offered Shares as capital property, deals at arm's length with the Company and each of the Underwriters, is not affiliated with the Company or any of the Underwriters, and has not entered into, with respect to their Offered Shares, a "derivative forward agreement", a "synthetic disposition arrangement" or a "dividend rental arrangement", each as defined in the Tax Act (a "**Holder**"). An Offered Share will generally be capital property to a Holder provided the Holder does not acquire or hold such Offered Share in the course of carrying on a business of trading or dealing in securities or as part of an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act as well as counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and assumes that all such Tax Proposals will be enacted in the form proposed. No assurances can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by way of legislative, judicial or administrative action or interpretation, nor does it take into account any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Offered Shares are urged to consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Offered Shares.

Residents of Canada

This portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act, and at all relevant times, is, or is deemed to be, resident in Canada (a "**Resident Holder**").

This portion of the summary is not applicable to a purchaser: (a) that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a "financial institution", as defined in the Tax Act; (b) an interest in which is a "tax shelter investment" as defined in the Tax Act; (c) that is a "specified financial institution" as defined in the Tax Act; or (d) that reports its "Canadian tax results" in a currency other than the Canadian currency. Such purchasers should consult their own tax advisors.

Certain Resident Holders may, in certain circumstances, be entitled to make, or may have already made, the irrevocable election pursuant to subsection 39(4) of the Tax Act the effect of which is to deem to be capital property any Offered Shares, and every other "Canadian Security", as defined in the Tax Act, owned by such Resident Holders in the taxation year in which the election is made and in all subsequent taxation years. Resident Holders whose Offered Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

Dividends on Offered Shares

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Offered Shares in that year. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and

dividend tax credit rules applicable under the Tax Act to taxable dividends received from a “taxable Canadian corporation”, including the enhanced gross-up and dividend tax credit in respect of any dividends designated by the Company as an “eligible dividend” in accordance with the provisions of the Tax Act. There may be limitations on the ability of the Corporation to designate dividends as “eligible dividends”.

Taxable dividends received or deemed to be received by a Resident Holder that is an individual (other than certain trusts) may give rise to alternative minimum tax, as calculated under the detailed rules set out in the Tax Act. Such Resident Holders should consult their own tax advisors in this regard.

Taxable dividends received or deemed to be received on an Offered Share by a Resident Holder that is a corporation will generally be deductible in computing the corporation's taxable income. In certain circumstances, a dividend received or deemed to be received by a Resident Holder that is a corporation may be deemed to be either proceeds of disposition or a gain from the disposition of a capital property. Resident Holders that are corporations should consult their own tax advisors regarding their particular circumstances.

A Resident Holder that is a “private corporation” or a “subject corporation”, each as defined in the Tax Act, will generally be liable to pay an additional tax under Part IV of the Tax Act on dividends received or deemed to be received on an Offered Share to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year. Such additional tax may be refundable in certain circumstances.

Dispositions of Offered Shares

Generally, on a disposition or a deemed disposition of an Offered Share (other than a disposition to the Company, unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market), a Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition of the Offered Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Offered Share to the Resident Holder immediately before the disposition or deemed disposition. For this purpose, the adjusted cost base to a Resident Holder of an Offered Share acquired pursuant to this Offering will be determined at any particular time by averaging the cost of such Offered Share with the adjusted cost base of all other Common Shares owned by the Resident Holder as capital property at that time. Such capital gain (or capital loss) will be subject to the treatment described below under “*Taxation of Capital Gains and Capital Losses*”.

Taxation of Capital Gains and Capital Losses

Generally, one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder for a taxation year must be included in computing the Resident Holder's income for the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Resident Holder in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years, or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of an Offered Share may be reduced by the amount of any dividends received or deemed to be received by the Resident Holder on such Offered Share (or a share for which the Offered Share has been substituted) to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns an Offered Share, directly or indirectly, through a partnership or trust. Such Resident Holders should consult their own tax advisors.

A Resident Holder that is throughout the taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable for tax, a portion of which may be refundable, on “aggregate investment income” (as defined in the Tax Act), including taxable capital gains.

Capital gains realized by a Resident Holder that is an individual (including certain trusts) may give rise to alternative minimum tax, as calculated under the detailed rules set out in the Tax Act. Such Resident Holders should consult their own tax advisors in this regard.

Non-Resident Holders

This portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act and at all relevant times, is not (and is not deemed to be) resident in Canada and does not use or hold (and is not deemed to use or hold) the Offered Shares in, or in the course of, carrying on a business or part of a business in Canada (a “**Non-Resident Holder**”). This summary does not apply to a Non-Resident Holder that carries on an insurance business in Canada and elsewhere or an “authorized foreign bank” (as defined in the Tax Act). Such Non-Resident Holders should consult their own tax advisors.

Dividends on Offered Shares

Dividends paid or credited, or deemed to be paid or credited, on an Offered Share to a Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which that Non-Resident Holder may be entitled under an applicable income tax treaty or convention. For example, under the *Canada-United States Tax Convention* (1980), as amended (the “**Canada-U.S. Tax Treaty**”), where dividends on the Offered Shares are considered to be paid to, or derived by, a Non-Resident Holder that is the beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to benefits of, the Canada-U.S. Tax Treaty, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions of Common Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition or deemed disposition of an Offered Share unless the Offered Share constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, the Offered Shares will not constitute taxable Canadian property to a Non-Resident Holder at a particular time provided that the Offered Shares are listed at that time on a “designated stock exchange” (as defined in the Tax Act) (which currently includes the TSX), unless at any particular time during the 60-month period that ends at that time (i) one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder does not deal at arm’s length for purposes of the Tax Act, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, has owned 25% or more of the issued shares of any class or series of the capital stock of the Company, and (ii) more than 50% of the fair market value of the Offered Shares was derived directly or indirectly from one or any combination of (a) real or immovable properties situated in Canada, (b) “Canadian resource property” (as defined in the Tax Act), (c) “timber resource property” (as defined in the Tax Act), and (d) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, an Offered Share could be deemed to be taxable Canadian property. Non-Resident Holders whose Offered Shares may constitute taxable Canadian property should consult their own tax advisors.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of an Offered Share that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax treaty or convention, the consequences described above

under the headings “Residents of Canada — Dispositions of Offered Shares” and “Residents of Canada - Taxation of Capital Gains and Capital Losses” will generally be applicable to such disposition.

RISK FACTORS

Investors should carefully consider the following risk factors together with all other information disclosed herein when evaluating a potential investment in the Common Shares. Additional risks not presently known to or deemed immaterial by Tidewater Renewables may also have a material effect on the Company’s business. The risks set out below are not an exhaustive description of all of the risks associated with the Company’s business and the renewable fuels business generally. This prospectus includes forward-looking statements regarding, among other things, the Company’s plans, strategies, prospects and projections, both business and financial. A prospective investor should not place undue reliance on any such statements included in this prospectus or on any other offering materials. See “*Notice to Investors — Forward-Looking Statements*”.

The Common Shares offered under this prospectus should be considered speculative due to the nature of the Company’s business. An investment in the Common Shares should only be made by persons who can afford a significant or total loss of their investment.

There can be no assurance that an active trading market in the Common Shares will develop or be sustained. The market price for the Common Shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Company’s peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time, including during 2021, experienced extreme price and volume fluctuations, particularly in the energy sector, which have often been unrelated to the operating performance of particular companies.

If any of the following risks were to occur, the Company’s business, financial condition and results of operations could be materially adversely affected. In that case, the trading price of the Common Shares could decline, and a prospective investor could lose all or part of their investment.

Even though Tidewater Renewables does not directly conduct upstream petroleum and natural gas exploration and development operations, its business, financial condition, results of operations and prospects will be significantly impacted by factors and risks that impact the oil and natural gas industry generally, and affect the Company’s counterparties, including Tidewater Midstream. Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome.

Overview

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

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

Run Rate EBITDA Outlook

The Run Rate EBITDA outlook contained in this prospectus was prepared using assumptions that reflect Management's intended course for the periods covered, based on the judgement of Management as to several factors, including, without limitation, estimates of volumes of feedstock and sales for the applicable period.

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

There can be no assurance that the assumptions reflected in the Run Rate EBITDA for Acquired Assets and the Renewable Diesel & Renewable Hydrogen Complex will prove to be accurate. Actual results for the for the periods set out in the "*Run Rate EBITDA and Capital Expenditures Outlook for the Acquired Assets, Co-Processing Projects and Renewable Diesel & Renewable Hydrogen Complex*" section of this prospectus may vary from the amounts disclosed and those variations may be material.

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

Health and Safety

The ownership and operation of Tidewater Renewables' business is subject to hazards of producing, gathering and processing hydrocarbon products, including, without limitation, blowouts, fires, explosions, gaseous leaks, releases and migration of harmful substances, hydrocarbon spills, corrosion, and acts of vandalism and terrorism. Any of these hazards can interrupt operations, impact Tidewater Renewables' reputation, cause loss of life or personal injury, result in loss of or damage to equipment, property, information technology systems, related data and control systems, and cause environmental damage that may include polluting water, land or air.

Furthermore, such ownership and operations carry the potential for liability related to worker health and safety, including, without limitation, the risk of any or all of government imposed orders to remedy unsafe conditions, potential penalties for contravention of health and safety laws, licenses, permits and other approvals, and potential civil liability. Compliance with health and safety laws and the requirements of licenses, permits and other approvals are expected to remain material to Tidewater Renewables' business.

No assurances can be given that the occurrence of any of the above listed events or the additional workers' health and safety issues relating thereto will not require unanticipated expenditures, or result in fines, penalties, or other consequences (including, without limitation, changes to operations) material to Tidewater Renewables' business and operations.

Operating Risk

Tidewater Renewables' businesses are subject to the risks normally associated with the production of renewable fuels, and other products and facilities, including, without limitation, mechanical failure, logistics problems, physical degradation, operator error, delay of or restrictions for projects due to climate change

policies and initiatives, protests, activist activity, sabotage, terrorism, failure of supply, weather, wind or water resource deviation, catastrophic events and natural disasters, fires, floods, explosions, earthquakes, and other similar events. These types of events could result in injuries to personnel, damage to property and the environment, as well as unplanned outages or prolonged downtime for maintenance and repair. Among other things, these events typically increase operation and maintenance expenses and reduce revenues. The occurrence or continuation of any of these events could increase Tidewater Renewables' costs and reduce the ability of Tidewater Renewables and its counterparties to produce, process, store, transport, deliver, or distribute RNG, Renewable Diesel, hydrogen, and other products and result in significant losses for which insurance may not be sufficient or available. Environmental damage could also result in increased costs to operate and insure Tidewater Renewables' assets and have a negative impact on Tidewater Renewables' reputation and its ability to work collaboratively with stakeholders.

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

Lack of Operating History and Track Record

Tidewater Renewables will be established upon Closing and completion of the Acquisition and, as a result, has no operating history or track record with respect to the ownership of the Acquired Assets. Accordingly, there may not be a reliable basis for evaluating the Company's business prospects or the future value of the Common Shares. In addition, the Company's business strategy may not be successful, and, if unsuccessful, Tidewater Renewables may be unable to modify it in a timely and successful manner. The Company cannot give a prospective investor any assurance that it will be able to continue to implement its strategy on a timely basis, if at all. The Company may also be subject to both transition and growth-related risks, including capacity constraints and pressure on its internal systems and controls. Accordingly, an investment in the Common Shares is speculative and subject to a higher degree of risk.

The Company's lack of operating history and track record with respect to the Acquired Assets also means that a number of policies and procedures, that are not currently in place, will be developed and instituted to govern operations. Historically, the Acquired Assets were operated as part of Tidewater Midstream. Employees of Tidewater Renewables had access to Tidewater Midstream's resources, including the systems, business contacts, financial resources and expertise of senior management. Other than for the limited purpose and limited time specified in the Shared Services Agreement, the Company does not have the same access to Tidewater Midstream's expertise and resources. There can be no assurance that the Company will have similar expertise or resources through internal sources or by contracting services with third parties. If such expertise or resources can be obtained on the same basis, there can be no assurance that it will be at the same or lesser cost, as provided historically by Tidewater Midstream. See "*Agreements with Tidewater Midstream and Other Counterparties — Shared Services Agreement*".

Although the Company expects to benefit from the experience that Management has gained while working at Tidewater Midstream and through other ventures, the Company may be less successful in implementing its business strategy. As a result, the Company may experience fluctuations in its results, which may vary from those projected by Management. In addition, the forward-looking statements contained in this prospectus, including the Run Rate EBITDA outlook for the Acquired Assets and the Renewable Diesel & Renewable Hydrogen Complex (see "*Run Rate EBITDA and Capital Expenditures Outlook for the Acquired Assets, Co-Processing Projects and Renewable Diesel & Renewable Hydrogen Complex*") and the expected future results and assumptions reflected therein, are subject to uncertainties that are due, in part, to the Company's limited operating history. No assurance can be given that the Company will be successful in implementing its business strategy or that it will achieve expected future results which could materially adversely affect the Company's business and financial condition.

COVID-19

In December 2019, COVID-19 surfaced in Wuhan, China. Since then, the outbreak has spread to over 220 countries and territories and infections have been reported around the world. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and subsequently characterized it as a pandemic on March 11, 2020. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. COVID-19 and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The Company has been closely monitoring developments related to COVID-19.

COVID-19 and other macro-economic conditions around the world contributed to a drastic decrease in global oil and liquids demand through 2020 resulting in significant commodity price volatility and economic uncertainty. During this period of uncertainty, the Company is committed to maintaining its strong balance sheet and financial liquidity. At this time, the extent to which COVID-19 may continue to affect the Company is uncertain; however, it is possible that COVID-19 may have further adverse effects on commodity prices and the Company's business operations in general. In response to COVID-19, the Company is following all applicable rules and regulations as set out by the relevant federal and provincial health authorities.

The Company will continue to closely monitor this global health crisis and will reassess its strategy and operational activities on an ongoing basis as the situation evolves. Any significant decrease in the demand for oil and natural gas may disrupt the Company's business plan and operational forecasts. Moreover, since the beginning of January 2020, the COVID-19 outbreak has caused significant disruption in the financial markets both globally and in Canada, which could limit the Company's ability to access capital and sources of liquidity at attractive rates or at all.

Renewable Energy Risks

Price of BC LCFS Credits

The profitability of the Company's operations will be seriously affected by changes in prices of BC LCFS Credits. The price of BC LCFS Credits may be subject to volatility or, while unexpected, may decrease.

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

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

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

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

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

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

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

- regulatory changes that affect the demand for or supply of Environmental Attributes and the prices thereof, which could have a significant effect on the financial performance of the Company's projects and the number of potential projects with attractive economics. The Company depends, in part, on Environmental Attributes, which are federal, provincial and state mandated incentives in Canada and the United States, provided in the form of BC LCFS credits, CFS credits, RINs, U.S. LCFS credits, rebates, tax credits, grants and other incentives to end users, distributors, and manufacturers of renewable energy projects, that promote the use of renewable energy;
- regulatory changes that negatively affect the CI scoring methodology for renewable diesel, RNG, and renewable hydrogen which could result in significantly less supply revenue associated with Environmental Attributes;
- changes in energy commodity prices, such as natural gas, crude oil, refined products, and wholesale electricity prices, which could have a significant effect on the Company's revenues;
- changes in pipeline gas quality standards or other regulatory changes that may limit the Company's ability to transport RNG, hydrogen on pipelines for delivery to third parties or increase the costs of processing RNG and hydrogen to allow for such deliveries;
- substantial construction risks, including the risk of cost overruns and delays, including those that may arise as a result of material pricing, inclement weather, labor disruptions and/or extenuating events such as COVID-19;
- operating risks and the effect of disruptions on the Company's business, including the effects of the COVID-19 pandemic on us, the Company's customers, suppliers, distributors and subcontractors;
- entering into markets and/or jurisdictions where the Company has less experience;
- the need for substantially more capital to complete projects than initially budgeted and exposure to liabilities as a result of unforeseen environmental, construction, technological or other complications;
- failures or delays in obtaining desired or necessary permits, land rights, including ownership, leases or easements, including the necessary approval from the City of Prince George, BC for the rezoning of certain lands at PGR to "heavy industrial";
- a decrease in the feedstock availability, an increase in competition for feedstocks or feedstock pricing, and/or timeliness of delivery of feedstocks and components, necessary for the projects to function;

- obtaining and keeping in good standing permits, authorizations and consents from local city, county, province / state and federal governments;
- changes in law and corresponding regulatory discretion that may affect the Company's ability to operate or transact;
- failure to obtain all necessary rights to land access and use;
- delays in deliveries or increases in the prices of equipment;
- permitting and other regulatory issues, license revocation and changes in legal requirements;
- increases in the cost of labor, labor disputes and work stoppages;
- failure to receive quality and timely performance of third-party services;
- unforeseen engineering and environmental problems;
- cost overruns; and
- accidents involving personal injury or the loss of life.

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

Ability to Achieve Investment Objectives

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

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

New Project and Growth Risks

Potential Acquisition and Investment Opportunities

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

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

- difficulties in identifying, obtaining and permitting suitable sites for new projects;
- failure to obtain all necessary rights to land access and use;
- assumptions with respect to the cost and schedule for completing construction;
- assumptions with respect to the renewable diesel, renewable hydrogen, and renewable natural gas potential, including quality, volume and asset life for new projects;
- the ability to obtain financing for a project on acceptable terms or at all;
- delays in deliveries or increases in the prices of equipment;
- permitting and other regulatory issues, license revocation and changes in legal requirements;
- increases in the cost of labor, labor disputes and work stoppages;
- failure to receive quality and timely performance of third-party services;
- unforeseen engineering and environmental problems;
- cost overruns;
- accidents involving personal injury or the loss of life; and
- weather conditions, global health crises such as COVID-19, catastrophic events, including fires, explosions, earthquakes, droughts and acts of terrorism, and other force majeure events.

In addition, new projects have no operating history and may employ recently developed technology and equipment. A new project may be unable to fund principal and interest payments under its debt service

obligations or may operate at a loss, which may adversely affect the Company's business, financial condition or results of operations.

Future Acquisitions

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

Any future acquisition involve potential risks, including, among other things: (i) the possibility that the Company, as a successor owner, may be legally and financially responsible for liabilities of prior owners; (ii) the possibility that the Company may pay more than the acquired company or assets are worth; (iii) the additional expenses associated with completing an acquisition and amortizing any acquired intangible assets; (iv) an inability to successfully integrate any operation the Company acquired or acquires, as applicable; (v) an inability to recruit, hire, train or retain qualified personnel to manage and operate the operations acquired; (vi) the potential disruption of the ongoing business and the distraction of management from its day-to-day operations; and (vii) the loss of key employees and/or key relationships at the acquired business. In addition, the Company competes with other renewable diesel, RNG, and hydrogen companies as well as traditional energy companies, which may have greater financial and other resources for new business. Future acquisition candidates may have liabilities or adverse operating issues that the Company failed or fails to discover through due diligence prior to the acquisition. If the Company consummates any future acquisitions with unanticipated liabilities or adverse operating issues, or if acquisition-related expectations are not met, the Company's business, results of operations, cash flows, financial condition or prospects may be materially adversely affected. The potential impairment or complete write-off of goodwill and other intangible assets related to any such acquisition may reduce the Company's overall earnings and could negatively affect the Company's balance sheet.

Risks Relating to the Company's Relationship with Tidewater Midstream

Tidewater Midstream's Shareholdings and Provision of Shared Services

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

Until the date that is five years from the Closing Date, unless terminated by either party on not less than three months' notice, the Company will depend on Tidewater Midstream to provide certain management and administrative services to the Company pursuant to the Shared Services Agreement. Tidewater Midstream personnel and support staff that provide services to the Company under the Shared Services Agreement are not required to have as their primary responsibility the administration of the Company or to act exclusively for the Company and the Shared Services Agreement does not require any specific individuals to be provided by Tidewater Midstream. If the Company is not satisfied with the manner in which Tidewater Midstream performs its services under the Shared Services Agreement, it is only entitled to

terminate such services by mutual agreement of the Parties in writing. The failure of Tidewater Midstream to exercise its influence or provide its services in a manner consistent with the views of the directors or Management could materially adversely affect the Company's business and financial condition.

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

Competition from Tidewater Midstream

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

Conflicts of Interest with Tidewater Midstream

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

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

In addition, pursuant to the Governance Agreement, for so long as the percentage of outstanding Common Shares (on a non-diluted basis) beneficially owned directly or indirectly by Tidewater Midstream is not less than 40% of the issued and outstanding Common Shares, Tidewater Midstream is entitled to nominate

such number of TWM Board Members that is equal to the greater of two and 40% of the members of the Board (rounded up or down to the nearest whole number, if applicable). Following Closing and completion of the Acquisition, Tidewater Midstream will hold ●% of the issued and outstanding Common Shares, which will entitle Tidewater Midstream to nominate ● members of the Board. The directors of the Company are required to act honestly and in good faith with a view to the best interests of the Company. However, directors nominated and subsequently appointed by a particular shareholder are entitled, under the ABCA, to give special, if not exclusive, consideration to the interests of the shareholder that appointed them. The interests of Tidewater Midstream may conflict with those of other shareholders. See “*Agreements with Tidewater Renewables and Other Counterparties — Governance Agreement*”.

Departure of Tidewater Midstream’s Professionals

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

Anticipated Benefits from Relationship with Tidewater Midstream

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

Ability to Recover Indemnification from Tidewater Midstream

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

Future Changes in Relationship with Tidewater Midstream

The arrangements between the Company and Tidewater Midstream do not require Tidewater Midstream to maintain any ownership level in the Company. Accordingly, Tidewater Midstream may transfer all or a substantial portion of its interest in the Company to the public through secondary offerings (including pursuant to its rights under the Investor Liquidity Agreement; see “*Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement*”), or to a third-party, including in a merger or

consolidation or sale of Common Shares (without the consent of the Company or its shareholders) subject to market conditions, Tidewater Midstream's requirements for capital or other circumstances that may arise in the future. Certain of the rights and obligations under the Governance Agreement, as described under "*Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement*", may also be assignable to a transferee of the Common Shares (other than in respect of transfers made pursuant to a public offering), upon notice to the Company. Accordingly, there can be no assurance as to who may hold and exercise such rights in the future. The interests of a transferee of the Common Shares may be different from Tidewater Midstream's and may not align with those of other shareholders. The Company cannot predict with any certainty the effect that any such transfer would have on the trading price of the Common Shares or the Company's ability to raise capital in the future. As a result, the future of the Company would be uncertain and the Company's business and financial condition may suffer.

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

Capital Required for Business Objectives and Milestones, Including Renewable Diesel & Renewable Hydrogen Complex

The Company will require other funds to complete its business objectives and milestones and if such funds are not available it may need to significantly curtail operations.

Specifically, the Renewable Diesel & Renewable Hydrogen Complex requires significant capital expenditures and there is no guarantee that the project will be completed on time or on budget, which could have a negative effect on revenues and operations.

The estimated total cost for the Renewable Diesel & Renewable Hydrogen Complex is \$215-235 million which Tidewater Renewables expects to fund using a combination of the sale of BC LCFS Credits obtained through a Part 3 agreement with the BC government for the construction of the Renewable Diesel and Renewable Hydrogen facility (\$103 million), the Credit Facility and other sources, as appropriate. The Company anticipates it will earn such BC LCFS Credits at certain milestones as it executes the project. See "*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Renewable Diesel Project*".

There is no guarantee that the Company will receive the number of BC LCFS Credits that it anticipates; or, if received, what the value of such BC LCFS Credits will be. See "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating Environment — Price of BC LCFS Credits*".

There is no guarantee that the Company will obtain the funds necessary to complete this project in a timely manner or on terms acceptable to the Company or that the project will be completed timely or within budget. If the Company is unable to obtain such funds in a timely manner or at all, if the price of BC LCFS Credits falls significantly, if the Company does not receive the number of BC LCFS Credits they anticipate, if the cost of such funds is higher than they anticipate, if there are cost overruns or construction delays, or if the Company is not able to obtain the governmental permits required or necessary to initiate or complete the project (including the necessary approval from the City of Prince George, BC for the rezoning of certain lands at PGR to "heavy industrial"), there will be a material negative affect on the Company's revenues and operations.

Feedstock and Contracting Risk

The Company relies on obtaining contracts for the supply of feedstock materials such as animal fats, used cooking oil, distillers corn oil, soybean oil, canola oil, animal manure and woody biomass. There can be no assurance that the Company will be able to secure the full amount of feedstocks required to runs its

operations, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

Interruptions in PGR Operations

The Company expects to derive a substantial portion of the Company's profitability from the production of renewable fuels from the Company's assets located at PGR and any interruption in these operations would have a material adverse effect on operations and financial conditions. If production at the PGR were interrupted due to any reason, it would have a disproportionately significant and material adverse impact on the Company's operations and financial conditions.

Operation and Maintenance of Facilities

The operation and maintenance of the Company's facilities involves risks that may materially and adversely affect the Company's business. There can be no assurance that the Company's maintenance program will be able to detect potential failures in its facilities prior to occurrence or eliminate all adverse consequences in the event of failure. In addition, weather related interference, work stoppages and other unforeseen problems may disrupt the operation and maintenance of the Company's facilities and may materially and adversely affect the Company.

While the Company may maintain an inventory of, or otherwise make arrangements to obtain, spare parts to replace critical equipment and maintain insurance for property damage to protect against certain operating risks, these protections may not be adequate to cover lost revenues or increased expenses and penalties which could result if the Company is unable to operate its generation facilities at a level necessary to comply with sales contracts.

Regulatory Risks, Including Changes to National and Local Legislation

Existing or proposed renewable fuel programs, including the BC LCFS, a provincial law requiring the consumption of qualifying renewable fuels, could be repealed, curtailed or otherwise changed, which would have a material adverse effect on the Company's revenues, operating margins and financial condition.

Renewable fuel regulations are dynamic and subject to evolving interpretations which could require the Company to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Company's operations. The Company cannot predict the nature of any future laws, regulations, interpretations or applications towards renewable energy policies, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Company's business. Compliance with any such legislation may have a material adverse effect on the Company's business, financial condition, and results of operations. For example, regulatory approvals or permits may be required for the installation, maintenance, or use of Renewable Natural Gas and related infrastructure projects under federal, provincial and municipal regulations governing renewable energy. To the extent that there are delays in gaining regulatory approval, the Company's development and growth may be constrained.

In January 2010, the BC LCFS came into effect. The BC LCFS requires reductions in the lifecycle CI of transportation fuels supplied in British Columbia by 9% from a 2010 CI baseline. In December 2018, British Columbia's Ministry of Energy, Mines and Petroleum Resources released their CleanBC Plan, announcing an increase of the CI target to 20% by 2030 relative to 2010 CI levels. In July 2020, these amendments to the BC LCFS came into effect. To date, British Columbia is the only province with a low carbon fuel standard in Canada.

In March 2017, the province of British Columbia announced the "Renewable Portfolio Allowance" for renewable natural gas. As part of this initiative, the Government of British Columbia amended the

Greenhouse Gas Reduction (Clean Energy) Regulation, prescribed under the Clean Energy Act, to include a renewable portfolio allowance through which natural gas utilities are permitted to acquire up to 5% of their supply from RNG. The net effect of the changes in legislation was that the British Columbia utilities were able to purchase renewable natural gas for up to \$30/GJ, a significant premium from prices paid prior to the change in legislation. Supportive government policy with respect to GHG emission reduction currently provides enhanced opportunities for suppliers to produce RNG in British Columbia, however all government policy, laws and regulations are subject to change without notice.

Further, on December 18, 2020, Environment and Climate Change Canada issued the CFS, coming into effect January 1, 2023. The proposed Regulations intend to reduce GHG emissions by reducing the lifecycle CI of liquid and gaseous fossil fuels used in Canada. Supportive government policy with respect to GHG emission reduction currently provides enhanced opportunities for suppliers to produce renewable diesel, hydrogen and RNG in Canada, however all government policy, laws and regulations are subject to change without notice.

For instance, changes to the BC LCFS, including regarding the calculation of BC LCFS Credits or specific calculation of CI methodology, may result in fewer BC LCFS Credits being generated by the Company's operations. There is no guarantee that the BC LCFS will not be discontinued unexpectedly or materially amended. Further, there is no guarantee that the CFS will come into force as proposed (without material delay) or, if it does, that it will not be discontinued unexpectedly.

The number of BC LCFS credits received for the use of a certain pathway is calculated by taking the difference between the pathway's CI score and BC annual CI compliance standard / benchmark for gasoline or diesel (depending on the end use of the fuel). Revenue from the BC LCFS program is based on the number of credits received for the use of a certain pathway as a low-carbon transportation fuel and the then-current BC LCFS trading price. There is no guarantee that a pathway's CI score or the CI compliance standard / benchmark will not be changed; which change could have a material adverse effect on the Company.

The Company cannot predict with any certainty the future trading price of the BC LCFS Credits and/or CFS credits. If such future trading prices are insufficient, the future of the Company would be uncertain and the Company's business and financial condition will suffer. See "*Risk Factors — Risks Relating to the Company's Business, Industry and Operating Environment — Price of BC LCFS Credits*".

Management expects that the legislative and regulatory environment in the renewable energy industry in Canada will continue to positively develop but still be dynamic for the foreseeable future. The Company's business may suffer if environmental policies change and no longer encourage the development and growth of renewable energy solutions. Public opinion can also exert a significant influence over the regulation of the renewable energy industry. A negative shift in the public's perception in the feasibility of renewable energy could affect future legislation or regulations in Canada. There is no assurance that any future changes in environmental regulation will not adversely affect the Company's operations. Changes in government regulations have the potential to significantly increase compliance costs and thus reduce the profitability of current or future operations.

Currently, under the BC LCFS, BC LCFS Credits may be stacked with the proposed CFS Credits and reciprocally, under the proposed form of CFS, CFS credits may be stacked with BC LCFS Credits; however, given that the CFS is proposed legislation and is not anticipated prior to be finalized prior late 2022 (with effect January 2023), whether stacking with BC LCFS is permitted under the final form of CFS remains to be confirmed.

Programs Requiring the Use of Renewable and Lower Carbon Fuels

The Company expects to derive a significant portion of its revenues from sales of the Company's renewable fuel in Canada; adverse changes in the programs requiring the use of renewable and lower carbon fuels or reductions in the value of credits would harm the Company's revenues and profits.

Canadian provinces and certain states in the United States have policies designed to increase the renewable content in transportation fuels and/or reduce GHG emissions associated with such fuels. As a result of these policies, the most significant markets in which the Company sells its renewable fuel and the Company expects to derive a significant portion its revenue and profit from sales into these markets. If the value of renewable fuels in these markets were to materially decrease, as a result of reduced demand or increased supply by competitors, or for other reasons including the impact of the COVID-19 pandemic, if the fuel the Company produces is deemed not to qualify for compliance in those markets or those policies are otherwise changed in a manner adverse to us, its revenues and profits could be seriously harmed.

Increasing Supply of Renewable Fuels

Plant expansions of Renewable Diesel and potential co-processing of Renewable Diesel by petroleum refiners, could reduce prices for the Company's fuel and increase costs of feedstocks, which would seriously harm to the Company's revenues and operations. Renewable fuel companies are expected to expand production of Renewable Diesel for the North American market. Traditional petroleum refiners are also expected to enter the Renewable Diesel market whether by new biorefineries or the conversion of existing refineries to Renewable Diesel production facilities.

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

Spread Between Renewable Fuel Prices and Feedstock Costs

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

Financial Expectations

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

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

Infrastructure Service Interruptions

If the Acquired Assets were to become unexpectedly unavailable for delivery of current or future volumes of renewable fuel products because of repairs, damage, spills or leaks, or any other reason, it could have a material adverse impact on financial conditions and results of operation of the business. Although the costs of infrastructure replacement programs are typically recovered in rates, on-going capital is required to fund such programs. In addition, operating issues resulting from maturing infrastructure such as leaks, equipment problems and incidents, including, without limitation, explosions, and fire, could result in legal liability, repair and remediation costs, increased operating costs, increased capital expenditures, regulatory fines and penalties, and other costs and a loss of customer confidence. Any liabilities resulting from the occurrence of these events may not be fully covered by insurance or rates. Service interruption incidents that may arise through unexpected major power disruptions to Acquired Assets, third-party negligence or unavailability of critical replacement parts could cause its counterparties to be unable to safely and effectively operate these assets. This could adversely affect Tidewater Renewables' business operations and financial results.

Reliance on Counterparty Activity

The volumes of renewable fuel and other products produced from the Acquired Assets depends on production and renewable feedstock. Without sufficiently consistent supply of renewable feedstock, the manufacture of renewable fuel may be inconsistent and production costs may rise.

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

Over the long-term, business will depend, in part, on the level of demand for the renewable fuel and other related products in the geographic areas in which deliveries are made by pipelines or truck and their ability and willingness to utilize such delivery to supply such demand. Tidewater Renewables 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 renewable fuel and other related products.

Dependence on the Operations of Counterparties and Contractual Arrangements

The Company is dependent on its counterparties to operate the Acquired Assets. In addition, the Company has limited ability to exercise influence over certain of the operations on the Acquired Assets and the associated operating or capital costs, which could adversely affect the Company's financial performance. The Company's revenues, which are derived from the Acquired Assets, depend upon a number of factors, most of which are outside of the Company's control. Such factors include: the renewable feedstock and petroleum production related to the Co-Processing Assets; the timing and amount of capital expenditures directed or committed towards the development of the Co-Processing Assets and the operation of the RNG & Hydrogen Storage Assets; the counterparties' expertise, production practices and financial resources; the approval of other participants or third-party customers as the case may be; the selection of technology; risk management; and environmental compliance and remediation practices. For instance, the ability of Tidewater Renewables to execute projects and manufacture the renewable fuel from the Co-Processing

Assets depends upon numerous factors beyond the Company's control. Because of these factors, Tidewater Renewables may be unable to execute projects on time, on budget, or at all, and may be unable to produce and manufacture the renewable fuel the Co-Processing Assets effectively, all of which would result in a reduction of revenue.

In addition, the Company's operations rely on revenue from its counterparties under a number of contractual arrangements described elsewhere in the prospectus under the heading "*Agreements with Tidewater Midstream and Other Counterparties*". There is a risk that the Company's counterparties may default under these agreements. Tidewater Renewables cannot provide assurance that one or more counterparties will not default on their obligations to the Company or that such a default or defaults will not have a material adverse effect on the Company's operations, financial position, future results of operations, or future cash flows. Furthermore, the bankruptcy of one or more of Tidewater Renewables' counterparties, or other similar proceeding or liquidity constraint, might make it unlikely that Tidewater Renewables would be able to collect all or a significant portion of amounts owed by the distressed entity or entities. In addition, such events might force such counterparties to reduce or curtail their future business operations, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

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

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

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

Counterparty Credit Risk

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

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

Prices, Markets and Demand for Petroleum Products

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

Prices for crude oil, natural gas, diesel and the renewable fuel are subject to large fluctuations in response to relatively minor changes in the supply of and demand for petroleum and natural gas, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include economic conditions in the United States, Canada, Asia and Europe, the actions of OPEC, governmental regulation, political stability in the Middle East, Northern Africa and elsewhere, the foreign supply of petroleum and natural gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Prices for crude oil, natural gas, diesel, and renewable fuel are also subject to the availability of foreign markets and the Company's (and other industry participants') ability to access such markets. For instance, during the first quarter of 2020, OPEC and Russia failed to agree on a plan to cut production of oil and related commodities. Subsequently, Saudi Arabia announced plans to increase production and reduce the prices at which they sell oil. In response to the oversupply of crude oil caused by COVID-19 and the actions of OPEC, Saudi Arabia and Russia, certain state regulators in the U.S. are considering prorating production of hydrocarbons. These events, combined with the outbreak of COVID-19 that reduced economic activity and the related demand for oil, contributed to a sharp drop in prices for crude oil, and natural gas, diesel, and renewable fuel in the first half of 2020. Similar events could occur in 2021 and beyond.

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

Crude oil and natural gas prices are expected to remain volatile in the near future due to market uncertainties over the supply of and the demand for these commodities due to the current state of the world economies, OPEC actions, sanctions imposed on certain oil producing nations by other countries and ongoing credit and liquidity concerns. Volatile crude oil and natural gas prices make it difficult to estimate the value of the renewable fuel. Price volatility also makes it difficult to budget for and project the return on potential acquisitions, divestitures and leasing opportunities.

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

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation devices could reduce the demand for oil, natural gas, liquid hydrocarbons, and ultimately the Renewable Fuels. The implementation of policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives and other alternative technologies may lessen the demand for petroleum products and put downward pressure on commodity prices. In addition, advancements in energy efficient products have a similar effect on the demand for oil and natural gas products including renewable fuel. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of

operations and cash flow by decreasing the Company's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

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

Capital Projects May Not Generate Expected Levels of Output

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

Risks Relating to Competition for Opportunities

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

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

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

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

If production of competitive renewable fuels increases significantly as a result of utilization of existing excess production capacity or new capacity as described above, competition for feedstocks would increase significantly, harming margins. Furthermore, if supply of advanced renewable fuels exceeds demand, prices for the renewable fuel and other credits may decrease significantly, harming profitability.

Risks Arising from Co-ownership

A number of the Acquired Assets are jointly owned with Tidewater Midstream. Approvals must be obtained from such joint owners for proposals to make capital expenditures regarding such facilities. These approvals generally require that a capital expenditure proposal be approved by the owners of the relevant facility. It is accordingly not always possible for the Company to pursue proposals for capital expenditures without the approval of other co-owners, which may adversely affect the Company's ability to expand or improve the Acquired Assets. In addition, the agreement for the ownership and operation of the Acquired Assets contain rights of first refusal which require a transferor who is proposing to transfer an ownership interest, to offer such interest on the same commercial terms to the other owners of the facility prior to completing the transfer. Such provisions may restrict the Company's ability to transfer its interests in the Co-Processing Assets and RNG & Hydrogen Storage Assets and may limit the Company's ability to maximize the value of a sale of its interest.

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

Use of Proceeds May Differ from what is Set Out in the Prospectus

Management will have discretion in the actual application of the proceeds and may elect to allocate proceeds differently from that described under the heading "Use of Proceeds" herein if it believes that it would be in the best interests of the Company to do so if circumstances change. The results and effectiveness of the application of the proceeds of the Offering are uncertain. The failure by Management to apply these funds effectively could have a material adverse effect on the business of the Company.

Internal Controls Re: Financial Reporting and Preventing Fraud

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

Future Regulations and the Effect of Existing or Probable Government Regulations on the Company's Business

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

The Company's business may also be affected by numerous laws and regulations on the international, federal, provincial, state and local levels, including energy, environmental, conservation, tax and other laws and regulations relating to the Company's industry. Failure to comply with any laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of injunctive relief or

both. Moreover, changes in any of these laws and regulations could have a material adverse effect on the Company's business. In view of the many uncertainties with respect to current and future laws and regulations, including their applicability to the Company, the Company cannot predict the overall effect of such laws and regulations on the Company's future operations.

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

Uninsured or Underinsured Losses

The Company will maintain insurance at levels that it believes are reasonable and that are typical for its industry's insurance coverage. However, the Company cannot give any assurances that its insurance coverage is adequate for any given risk or liability, that such insurance will continue to be available on commercially reasonable terms, that all events that could give rise to a loss or liability are insured or reasonably insurable or that its insurers would be capable of honouring their commitments if an unusually high number of claims were made against their policies. Certain losses, including certain environmental liabilities and business interruption losses, are not covered by insurance.

Managing Growth

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

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

Decommissioning, Abandonment, and Reclamation Costs

Tidewater Renewables is responsible for its proportionate share of the costs associated with decommissioning, abandonment and reclamation of the Acquired Assets at the end of their economic life, the costs of which may be substantial. It is not possible to predict these costs with certainty since they are a function of regulatory requirements at the time of decommissioning, abandonment and reclamation and the actual costs may exceed current estimates that are the basis of the asset retirement obligation shown in Tidewater Renewables' financial statements.

General Economic, Market Risks and Political Conditions

Tidewater Renewables' operations are affected by the condition and overall strength of the global economy and, in particular, the economies of Canada and the U.S. During economic downturns, the demand for the renewable fuel that Tidewater Renewables provides and the supply of or demand for diesel, natural gas, and hydrogen may be adversely affected. The occurrence of periods of poor economic conditions or low or

negative economic growth could have an adverse impact on Tidewater Renewables' results. The Company's business is, in part, dependent upon, and also correlated to, market risks and political conditions; in particular, adverse events in financial markets, which may have a profound effect on global or local economies. Some key impacts of general financial market turmoil include contraction in credit markets resulting in a widening of credit spreads, devaluations and enhanced volatility in global equity, commodity and foreign exchange markets and a general lack of market liquidity. A slowdown in the financial markets or other key measures of the global economy or the local economies of the regions in which the Company operates (including, but not limited to, employment rates, business conditions, inflation, fuel and energy costs, commodity prices, lack of available credit, the state of the financial markets, interest rates and tax rates) may adversely affect the Company's growth and profitability. For instance, a credit/liquidity crisis, such as the global crisis experienced in 2008/2009, could materially impact the cost and availability of financing and overall liquidity; the volatility of commodity output prices and currency exchange markets could materially impact revenues, profits and cash flow; volatile energy, commodity input and consumables prices and currency exchange rates could materially impact production costs; and the devaluation and volatility of global stock markets could materially impact the valuation of the Common Shares.

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

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

Developments with respect to low-carbon fuel policies and the market for alternative fuels may affect demand for the renewable fuel and could adversely affect the Company's financial performance. Low-carbon fuel policies, blending credits, and stricter fuel efficiency standards to help reach GHG emissions reduction targets help drive demand for the Company's renewable fuel. Any changes to, a failure to enforce, or a discontinuation of any of these policies, goals, and initiatives could have a material adverse effect on the Company's renewable fuel businesses. Similarly, new or changing technologies may be developed, consumers may shift to alternative fuels or alternative fuel vehicles (such as electric or hybrid vehicles) other than the renewable fuel the Company produces, and there may be new entrants into the renewable fuel production industry that could meet demand for lower-carbon transportation fuels and modes of transportation in a more efficient or less costly manner than the Company's technologies and products, which could also have a material adverse effect on the Company's renewable fuel businesses. For instance, several other refiners have made, or announced interest in, investments in Renewable Diesel projects. Should these projects develop, the Company would face competition from them for feedstocks and customers. While such developments are currently uncertain, a reduction in the demand for the Company's renewable fuel or increased competition for feedstocks could adversely affect the Company's financial performance.

The reduction, elimination or expiration of government subsidies and economic incentives could adversely affect the Company.

The Company seeks to take full advantage of government policies that promote renewable fuels and the reduction of CI of fuels. Renewable fuels currently benefit from various incentives in the throughout the

markets in which the Company participates or intends to participate in. The removal or phasing-out of any such incentives could adversely affect the Company.

Non-Governmental Organizations and Eco-Terrorism Risks

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

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

Reputational Risks

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

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

Changing Investor Sentiment

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage relating to spills of

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

Occupational Health and Safety and Accident Risks

The Acquired Assets are highly exposed to the risk of accidents that may give rise to personal injury, loss of life, disruption to service and economic loss. Some of the tasks undertaken by employees and contractors are inherently dangerous and have the potential to result in serious injury or death.

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

The Company stores fuels in above ground storage tanks and transports fuel in trucks as well as with third-party truck and rail carriers. Its operations are subject to significant hazards and risks inherent in transporting and storing fuel. These hazards and risks include, but are not limited to, accidents, fires, explosions, spills, discharges, and other releases, any of which could result in distribution difficulties and disruptions, environmental pollution, governmentally-imposed fines or clean-up obligations, personal injury or wrongful death claims, and other damage to property. Any such event not covered by the Company's insurance could have a material adverse effect on the Company's business, financial condition and results of operations.

Force Majeure Events

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

Reliance on Key Personnel

The Company's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Company's business and financial condition. The Company does not intend to have any key person insurance in effect for the Company on Closing. In addition, the competition for qualified personnel in Alberta and British Columbia, and, in particular, the energy industry, is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of Management.

Capital and Additional Funding Requirements

The Company's cash flow from the Co-Processing Assets and the RNG & Hydrogen Storage Assets may not be sufficient to fund its ongoing activities at all times, and from time to time the Company may require additional financing. Future capital and other expenditures will be financed out of cash flow, borrowings and possible future equity issuances, and the Company's ability to do so will be dependent on, among other factors: the overall state of the capital markets; the Company's credit rating (if applicable); interest rates; tax burden due to current and future tax laws; and investor appetite for investments in the renewable energy industry and the Company's securities in particular. The Company's ability to finance through future equity issuances may also be affected by any future sales of Common Shares by Tidewater Renewables.

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

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

Equity Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company, which may be dilutive to existing shareholders. There are no restrictions in the Company's articles or by-laws with respect to the number of shares of any class that may be issued by the Company.

Issuance of Debt

From time to time, the Company may finance its activities (including potential future petroleum and natural gas asset acquisitions) in whole or in part with debt, which may increase the Company's debt levels above industry standards for peers of similar size. Additional debt financing may not be available or, if available, may not be available on favourable terms. Neither the Company's articles nor its by-laws limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Credit Facility Arrangements

The Company is required to comply with customary positive and negative covenants under the Credit Facility and, in the event that the Company does not comply with these covenants, the Company's access to capital could be restricted or repayment could be required. Events beyond the Company's control may contribute to the failure of the Company to comply with such covenants. A failure to comply with any of the covenants could result in an event of default which, if not cured or waived, would permit acceleration of the indebtedness pursuant to the Credit Facility and would prevent dividends from being paid to shareholders. The acceleration of the Company's indebtedness under the Credit Facility may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the Credit Facility imposes certain operating and financial restrictions on the Company that include restrictions on the payment of dividends, limitations on liens, entering into disposition of assets or amalgamations and restrictions on speculative hedging, among others. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Company.

Variations in Foreign Exchange Rates and Interest Rates

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

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

Hedging

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

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

Litigation

The Company may be subject to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation, the difficulty of predicting decisions of regulators, judges and juries and the

possibility that decisions may be reversed on appeal. Defense and settlement costs of legal disputes can be substantial, even with claims that have no merit. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Income Taxes

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

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

Conflicts of Interest

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

Regulatory

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

Breach of Confidentiality

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

Environmental

All phases of Tidewater Renewables' business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities.

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

Changes in environmental legislation may require, among other things, reductions in emissions to the air from the Company's existing and target customers' operations and result in increased capital expenditures. Future changes in environmental legislation could occur and result in stricter standards and enforcement, fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on certain of the Company's existing and target customers' ability to purchase the Company's products including the renewable fuel.

First Nations Consultation and Claims

Some of the Company'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 and BC, 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.

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

Climate Change Regulation

Tidewater Renewables may be adversely affected by federal, provincial and state legislation, regulations, and initiatives designed to reduce GHG emissions, which may increase costs and adversely affect Tidewater' Renewables' operations, in particular at the PGR. There are international agreements (e.g. the Paris Climate Agreement and the Kyoto Protocol), national agreements and federal legislation (e.g. carbon

tax, Output-Based Pricing System, Clean Fuel Standard, cap-and-trade or efficiency standards) and provincial legislation (e.g. British Columbia's CleanBC climate policy and Alberta's Technology Innovation and Emissions Reduction System) that aim to reduce GHG emissions. These policies continue to evolve and overlap one another.

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

In 2016 the Government of Canada announced a national carbon pricing regime (the "Carbon Strategy") intended to support the objectives of the Paris Agreement on Climate Change signed by Canada and over 160 other countries in 2015. Under the Carbon Strategy, all provinces will be required to adopt a carbon pricing scheme that includes, at a minimum, a price on carbon emissions of \$10 per tonne in 2018, increasing by \$10 per tonne each year to \$50 per tonne by 2022. To date the federal pricing regime will apply in Ontario, Saskatchewan (partially), New Brunswick, Manitoba, Prince Edward Island, Yukon and Nunavut.

Other provinces have carbon pricing schemes that have been determined by the federal government to satisfy the minimum pricing set out in the federal Carbon Strategy.

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

Existing and proposed environmental legislation developed by Canadian provinces and the Canadian federal government, requiring lower CI fuels by regulation will result in increased costs. These regulations may negatively affect the marketing of refined petroleum products and may require the Company to alter the Company's products or adapt operations to allow the Company to sell in such jurisdiction. The cost of such compliance units may not be able to be passed along to consumers, resulting in lower gross margin to Tidewater Renewables on the sale of the renewable fuel.

Global Climate Change

Over the past several years, changing weather patterns and climatic conditions, such as global warming, have added to the unpredictability and frequency of natural disasters in certain parts of the world, including the markets in which the Company operates and intends to operate, and have created additional uncertainty as to future trends. There is a growing consensus today that climate change increases the frequency and severity of extreme weather events and, in recent years, the frequency of major weather events appears to have increased. The Company cannot predict whether or to what extent damage that may be caused by natural events, such as severe storms, hurricanes and tornados, will affect the Company's operations or the economies in the Company's current or future market areas, but the increased frequency and severity of such weather events could increase the negative impacts to economic conditions in these regions and result in a decline in the value or the destruction of the Company's Acquired Assets. In particular, if one of the regions in which the Company's Acquired Assets are operating is impacted by such a natural catastrophe in the future, it could have a material adverse effect on the Company's business. Further, the

economies of such impacted areas may require significant time to recover and there is no assurance that a full recovery will occur. Even the threat of a severe weather event could impact the Company's business, financial condition or the price of the Common Shares.

In addition, the Company expects continued and increasing legislative attention to climate change issues and the emission of GHG, including methane (a primary component of natural gas) and carbon dioxide (a by-product of oil and natural gas combustion). Climate change policy is evolving at national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place by governments around the world, including the jurisdictions in which the Company is active. Any such regulations could increase the cost of carrying out operations and the cost of consumption, thereby impacting Tidewater Renewables' business financial condition or the price of the Common Shares.

Concentration of Assets in Alberta and British Columbia

All of Tidewater Renewables' assets are currently concentrated in Alberta and British Columbia in the Western Canadian Sedimentary Basin (WCSB), which leaves the Company exposed to the economic conditions of such provinces.

Information Technology, Cyber-Attacks, Privacy and Data Protection

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

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

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

The Company's business operations could be targeted by individuals or groups seeking to sabotage or disrupt its information technology systems and networks, or to steal data. A successful cyber-attack could materially disrupt the Company's operations, including the safety of its operations and the availability of its facilities, or lead to unauthorized release of information or alteration of information in the Company's systems. Any such attack or other breach of the Company's information technology systems could have a material adverse effect on the Company's business and results of operations. The Company is subject to laws, directives and regulations relating to the collection, use, retention, disclosure, security and transfer of

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

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

Technical Systems and Processes Incidents

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

Risks Relating to the Offering and Common Shares

Absence of Public Market for the Common Shares

Prior to the Offering, no public market existed for the Common Shares. An active and liquid market for the Common Shares may not develop following Closing or, if developed, may not be maintained. If an active public market does not develop or is not maintained, investors may have difficulty selling their Common Shares.

The Offering Price was determined with the consultation between Tidewater Midstream and the Company, on the one hand, and the Underwriters, on the other hand, and may not be indicative of the price at which the Common Shares will trade following Closing. The market price of the Common Shares may materially decline below the Offering Price.

Volatility in Market Price of Common Shares

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

Financial markets have experienced significant price and volume fluctuations in recent years that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values which may result in impairment losses. Certain institutional

investors may base their investment decisions on consideration of the Company's ESG practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Common Shares.

Negative Impact of Additional Sales or Issuances of Common Shares

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

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

A Purchaser of the Common Shares under the Offering will do so at a Substantial Premium to Book Value per Common Share.

The Offering Price of \$● per Common Share will be substantially higher than the book value per share of the Common Shares issued prior to Closing. As a result, purchasers of Common Shares pursuant to the Offering will experience immediate dilution. In addition, future equity issuances may result in further dilution to investors.

Increased Costs of Being a Publicly Traded Company

As the Company will have publicly-traded securities, there will be significant legal, accounting, annual sustaining and filing fees to be incurred that would not be incurred if the Company were to remain private. Canadian Securities Laws and the rules and policies of the Exchange require publicly listed companies to, among other things, adopt corporate governance policies and related practices and to continuously prepare and disclose material information, all of which will significantly increase legal, financial and securities regulatory compliance costs.

Dividends

The Company does not currently anticipate paying any cash dividends on its securities, including the Common Shares, in the near future. It may pay cash dividends in the future if and when operational circumstances permit. The actual amount of cash distributed to shareholders, if any, will depend on numerous factors including: (i) the earnings of the Company; (ii) financial requirements for the Company's operations; (iii) the satisfaction by the Company of liquidity and solvency tests in the ABCA (as defined

herein); and (iv) any agreements relating to the Company's indebtedness that restrict the declaration and payment of dividends. The payment of dividends is not guaranteed and the amount and timing of any dividends payable is at the discretion of the Board.

Approval of Holders of Notes

Tidewater Midstream is required to comply with covenants under the indenture governing the Notes, which includes (among other things) the prohibition on the incurrence by Tidewater Midstream of certain non-permitted investments. Depending on the aggregate gross proceeds received under the Offering, the consent of the holders of the Notes to the Acquisition may be required. Pursuant to the terms of the Underwriting Agreement, it is a condition to the closing of the Offering that (among other things), if required, the consent of the holders of the Notes to the Acquisition be obtained, failing which, the Offering will not close. There is a risk that, if required, Tidewater Midstream may not be able to receive the consent of the holders of the Notes to the Acquisition and, therefore, the Closing of the Offering, completion of the Acquisition and the closing of the Credit Facility may be delayed or may not occur.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, since January 1, 2019, that were or are material to the Company, and there are no such material legal proceedings that the Company knows to be contemplated. For the purposes of the foregoing, a legal proceeding is not considered to be "material" by the Company if it involves a claim for damages and the amount involved, exclusive of interest and costs, does not exceed 10% of the Company's current assets, provided that if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the Company has included the amount involved in the other proceedings in computing the percentage. See "*Risk Factors*".

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

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Deloitte, Chartered Professional Accountants, Suite 700, 850 – 2nd St SW, Calgary, Alberta, T2P 0R8.

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

EXPERTS

Certain legal matters relating to the Offering under Canadian law will be passed upon by DLA Piper (Canada) LLP on behalf of the Company and Tidewater Midstream and by Burnet, Duckworth & Palmer LLP on behalf of the Underwriters. Certain legal matters relating to the Offering under U.S. law will be passed upon by DLA Piper LLP on behalf of the Company and by Dorsey & Whitney LLP on behalf of the Underwriters. As at the date hereof, the partners and associates of each of DLA Piper (Canada) LLP, DLA Piper LLP, Burnet, Duckworth & Palmer LLP and Dorsey & Whitney LLP, as respective groups, beneficially own, directly or indirectly, less than 1% of the outstanding securities of any associate or affiliate of the Company.

Other than Deloitte, no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this prospectus as having prepared or certified a part of this prospectus, or a report, valuation, statement or opinion described in this prospectus, has received or shall receive a direct or indirect interest in any securities or other property of the Company or any associate or affiliate of the Company.

Deloitte has advised they are independent with respect to each of the Company and Tidewater Midstream within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Company entered into since the beginning of the last fiscal year before the date of this prospectus, entered into prior to such date but which contract is still in effect, or to which the Company will become a party to prior to Closing:

1. the Underwriting Agreement. See "*Plan of Distribution*";
2. the Acquisition Agreements. See "*Agreements with Tidewater Midstream and Other Counterparties — Agreements Relating to the Acquisition — Acquisition Agreements*";
3. the Shared Services Agreement. See "*Agreements with Tidewater Midstream and Other Counterparties — Shared Services Agreement*";
4. the Governance Agreement. See "*Agreements with Tidewater Midstream and Other Counterparties — Governance Agreement*";
5. the Investor Liquidity Agreement. See "*Agreements with Tidewater Midstream and Other Counterparties — Investor Liquidity Agreement*";
6. the FCC Co-Processing Project Part 3 Agreement. See "*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — FCC Co-Processing Project*";
7. the Renewable Diesel Project Part 3 Agreement. See "*Acquired Assets — Renewable Diesel Business Unit — Renewable Diesel Capital Projects — Renewable Diesel Project*"; and
8. the credit agreement relating to the Credit Facility. See "*Credit Facility*".

Copies of these documents are or will be once executed, as applicable, available on SEDAR at www.sedar.com under the Company's profile.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission, or, in some jurisdictions, revisions of the price or damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

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Tidewater Renewables Ltd.
Audited Statement of Financial Position
As at May 31, 2021

Independent Auditor's Report

To the Shareholder of Tidewater Renewables Ltd.

Opinion

We have audited the statement of financial position of Tidewater Renewables Ltd. (the "Company"), as at May 31, 2021, and notes to the financial statement, including a summary of significant accounting policies (collectively referred to as the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company as at May 31, 2021, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Calgary, Alberta
July •, 2021

Tidewater Renewables Ltd.**Statement of Financial Position****As at May 31, 2021**

(all tabular amounts expressed in Canadian dollars)

As at	Notes	May 31, 2021
Assets		
Cash		\$ 1
Total assets		\$ 1
Equity		
Share capital	4	\$ 1
Total shareholder's equity		\$ 1

Subsequent event (note 5)

See the accompanying notes

Approved by the Board:

(signed) "Joel MacLeod", Director

Tidewater Renewables Ltd.

Notes to the Financial Statement

As at May 31, 2021

All tabular amounts expressed in Canadian dollars, except per share information

1. REPORTING ENTITY

Tidewater Renewables Ltd. ("the Company") was incorporated under the Alberta Business corporations Act on May 11, 2021. The Company has been formed to become a multi-faceted, energy transition company. The Company intends to focus on the production of low carbon fuels, including renewable diesel, renewable hydrogen, renewable natural gas, as well as carbon capture. The Company has not commenced operations and has only cash as an asset.

The Corporation's principal place of business is Suite 900, 222 – 3rd Ave SW, Calgary, Alberta, Canada, T2P 0B4.

2. BASIS OF PRESENTATION

a) Statement of Compliance

The Company prepares its financial statement in accordance with International Financial Reporting Standards ("IFRS"). Separate Statements of Net income and Comprehensive Income, Changes in Shareholder's Equity and Cash Flows have not been presented, as there have been no activities for the Company since the incorporation date of May 11, 2021 and the reporting date of May 31, 2021.

The financial statement was authorized for issue by the Board of Directors on [●].

b) Basis of measurement

This financial statement has been prepared on a historical cost basis, except as otherwise allowed for in accordance with IFRS.

c) Functional and presentation currency

The financial statement is presented in Canadian dollars which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to the period presented in the financial statement.

a) Cash and equivalents

Cash and cash equivalents include investments and deposits with a maturity of ninety days or less when purchased.

b) Financial instruments

Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets must be classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Initially, all financial assets and financial liabilities are recorded in the balance sheets at fair value. After initial recognition, the effective interest related to financial assets and liabilities measured at amortized cost and the gain or loss arising from the change in the fair value of financial assets or liabilities classified as FVTPL are included in net loss for the period in which they arise. At each statement of financial position date an assessment is made whether there is objective evidence that a financial asset is impaired based on expected credit loss information. For the Corporation's financial assets measured at amortized cost, loss allowances are determined based on the expected credit loss over the asset's lifetime. Expected credit losses are a probability-weighted estimate of credit losses, considering possible default

Tidewater Renewables Ltd.

Notes to the Financial Statement

As at May 31, 2021

All tabular amounts expressed in Canadian dollars, except per share information

events over the expected life of a financial asset.

Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in net loss.

If a financial liability is not measured at fair value through profit or loss, it is measured at amortized cost. For interest bearing debt, this is the fair value of the proceeds received net of transaction costs associated with the borrowing. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

The Company's cash is classified as a financial asset and measured at FVTPL.

4. SHARE CAPITAL

a) Authorized

Common shares – Unlimited

Preferred shares – Unlimited

b) Issued

	Number		Stated Value
Common shares	1	\$	1
Preferred shares	NIL	\$	NIL

The Company's issued and outstanding share capital consists of 1 Common Share which was issued to Tidewater Midstream and Infrastructure Ltd. ("Tidewater Midstream") on incorporation, for cash proceeds of \$1.00.

5. SUBSEQUENT EVENTS

On [●], the Company filed a final prospectus to qualify the distribution of [●] common shares of the Company to be issued pursuant to the terms of an underwriting agreement at a price of [●] per Common Share (the "Offering"). The Company has granted to the underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part for a period of 30 days following closing, to purchase, at the Offering price, up to an additional [●] common shares (representing [●] of the common shares offered under the prospectus).

Upon Closing, it is expected that Tidewater Midstream will directly and indirectly own approximately [●] of the outstanding Common Shares ([●] of the outstanding Common Shares if the Over-Allotment Option is exercised in full). Prior to Closing, Tidewater Midstream will subscribe for [50,000,000] voting preferred shares of the Company for an aggregate value of \$1,000 and are expected to be redeemed subsequent to Closing for proceeds of [\$1,000].

The net proceeds of the Offering are expected to be approximately \$[●], after deducting the underwriters' commission of [●] and the Company's expenses of \$[●] related to the Offering. If the Over-Allotment Option is exercised in full, the net proceeds are expected to be \$[●], after deducting the Underwriters commission of \$[●] and the Company's expenses related to the Offering.

Upon closing of the Offering the Company will enter into a secured credit facility in the amount of up to \$150 million (the "Credit Facility"). The Credit Facility is expected to be for a term of three years with a [one year] renewal option at the request of the Company, subject to lender approval. Advances may be made by way of direct advances, bankers' acceptances, or standby letters of credit/guarantees. The Credit Facility bears interest at the bank's prime rate on bankers' acceptance discount rates plus an applicable margin of [200] bps to [300] bps on prime rate loans, [250] bps to [350] bps on stamping fees related to bankers' acceptances, and [50] bps to [100] bps for standby fees as determined by reference to the Company's consolidated debt to EBITDA ratio (as defined

Tidewater Renewables Ltd.

Notes to the Financial Statement

As at May 31, 2021

All tabular amounts expressed in Canadian dollars, except per share information

in the Credit Facility).

The Company intends to use the net proceeds from the Offering along with draws from the Credit Facility to acquire certain renewable assets from Tidewater Midstream (the “Acquired Assets”) for aggregate consideration of [\$585] million (including \$[180] million in cash and the balance in common shares). The acquisition will be effected by the Company acquiring all of the Acquired Assets from Tidewater Acquisition Inc., a wholly-owned direct subsidiary of Tidewater Midstream that was created to effect the Acquisition.

On Closing, the Company will enter into various take-or-pay agreements with Tidewater Midstream pursuant to which Tidewater Midstream agreed to pay a fixed fee in exchange for capacity and or services related to the Acquired Assets.

Tidewater Acquisition Inc.
Audited Statement of Financial Position
As at May 31, 2021

Independent Auditor's Report

To the Shareholder of Tidewater Acquisition Inc.

Opinion

We have audited the statement of financial position of Tidewater Acquisition Inc. (the "Company"), as at May 31, 2021, and notes to the financial statement, including a summary of significant accounting policies (collectively referred to as the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company as at May 31, 2021, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Calgary, Alberta
July •, 2021

Tidewater Acquisition Inc.**Statement of Financial Position****As at May 31, 2021**

(all tabular amounts expressed in Canadian dollars)

As at	Notes	May 31, 2021
Assets		
Cash	\$	1
Total assets	\$	1
Equity		
Share capital	4 \$	1
Total shareholder's equity	\$	1

Subsequent event (note 5)

See the accompanying notes

Approved by the Board:

(signed) "Joel MacLeod", Director

Tidewater Acquisition Inc.

Notes to the Financial Statement

As at May 31, 2021

All tabular amounts expressed in Canadian dollars

1. REPORTING ENTITY

Tidewater Acquisition Inc. ("the Corporation") was incorporated under the Alberta Business corporations Act on May 11, 2021. The Corporation's principle business is the identification and acquisition of assets. The Corporation has not commenced operations and has only cash as an asset.

The Corporation's principal place of business is Suite 900, 222 – 3rd Ave SW, Calgary, Alberta, Canada, T2P 0B4.

2. BASIS OF PRESENTATION

a) Statement of Compliance

The Corporation prepares its financial statement in accordance with International Financial Reporting Standards ("IFRS"). Separate Statements of Net income and Comprehensive Income, Changes in Shareholder's Equity and Cash Flows have not been presented, as there have been no activities for the Corporation since the incorporation date of May 11, 2021 and the reporting date of May 31, 2021.

The financial statement was authorized for issue by the Board of Directors on [●].

b) Basis of measurement

This financial statement has been prepared on a historical cost basis, except as otherwise allowed for in accordance with IFRS.

c) Functional and presentation currency

The financial statement is presented in Canadian dollars which is also the Corporation's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to the period presented in the financial statement.

a) Cash and equivalents

Cash and cash equivalents include investments and deposits with a maturity of ninety days or less when purchased.

b) Financial instruments

Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets must be classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Initially, all financial assets and financial liabilities are recorded in the balance sheets at fair value. After initial recognition, the effective interest related to financial assets and liabilities measured at amortized cost and the gain or loss arising from the change in the fair value of financial assets or liabilities classified as FVTPL are included in net loss for the period in which they arise. At each statement of financial position date an assessment is made whether there is objective evidence that a financial asset is impaired based on expected credit loss information. For the Corporation's financial assets measured at amortized cost, loss allowances are determined based on the expected credit loss over the asset's lifetime. Expected credit losses are a probability-weighted estimate of credit losses, considering possible default events over the expected life of a financial asset.

Tidewater Acquisition Inc.

Notes to the Financial Statement

As at May 31, 2021

All tabular amounts expressed in Canadian dollars

Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in net loss.

If a financial liability is not measured at fair value through profit or loss, it is measured at amortized cost. For interest bearing debt, this is the fair value of the proceeds received net of transaction costs associated with the borrowing. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

The Corporation's cash is classified as a financial asset and measured at FVTPL.

4. SHARE CAPITAL

a) Authorized

Common shares – Unlimited
Preferred shares – Unlimited

b) Issued

	Number	Stated Value
Common shares	1	\$ 1
Preferred shares	NIL	\$ NIL

The Corporation's issued and outstanding share capital consists of 1 Common Share which was issued to Tidewater Midstream and Infrastructure Ltd. ("Tidewater Midstream") on incorporation, for cash proceeds of \$1.00.

5. SUBSEQUENT EVENTS

On [●], Tidewater Midstream will sell to the Corporation certain renewable assets, pursuant to a purchase and sale agreement, for common share consideration. The sale will occur on a tax deferred basis under a section 85(1) of the Income Tax Act (Canada) with an elected value of \$180 million.

On [●], Tidewater Renewables Ltd., ("Tidewater Renewables"), a Company controlled by Tidewater Midstream, filed a final prospectus to qualify the distribution of [●] common shares of Tidewater Renewables to be issued pursuant to the terms of an underwriting agreement at a price of [●] per Common Share (the "Offering").

The net proceeds of the Offering are expected to be approximately \$[●] (excluding any proceeds from the exercise of the Over-Allotment Option), after deducting the underwriters' commission of [●] and transaction costs of \$[●] related to the Offering.

Tidewater Renewables intends to use the net proceeds from the Offering along with draws from a credit facility to acquire the renewable assets from the Corporation for aggregate consideration of [\$585] million (including \$[180] million in cash and the balance in common shares).

The Corporation is expected to amalgamate with Tidewater Midstream sometime after closing of the Offering.

Carve-out Financial Statements of the Renewable Diesel & Renewable
Hydrogen Assets and RNG Business of Tidewater Midstream and
Infrastructure Ltd.

Years ended December 31, 2020, 2019 and 2018

Independent Auditor's Report

To the Shareholders and the Board of Directors of Tidewater Midstream and Infrastructure Ltd.

Opinion

We have audited the carve-out financial statements of Renewable Diesel & Hydrogen Assets and RNG Business of Tidewater Midstream and Infrastructure Ltd. (the "Acquired Assets"), which comprise the carve-out statements of financial position as at December 31, 2020 and 2019, and the carve-out statements of net income (loss) and comprehensive income (loss), changes in parent's net investment and cash flows for the years ended December 31, 2020, 2019 and 2018 and notes to the carve-out financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Acquired Assets as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020, 2019 and 2018 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Acquired Assets in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Management and Discussion Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management and Discussion Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Acquired Assets' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Acquired Assets or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Acquired Assets' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Acquired Assets' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Acquired Assets' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Acquired Assets to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Calgary, Alberta

July ●, 2021

Renewable Diesel & Hydrogen Assets and RNG Business

Carve-out Statements of Financial Position

(all tabular amounts expressed in thousands of Canadian dollars)

As at	Notes	December 31, 2020	December 31, 2019
Assets			
Current			
Accounts receivable		\$ 374	\$ 324
		374	324
Right-of-use assets	4	25,110	29,385
Property, plant and equipment	5	47,814	45,283
Total assets		\$ 73,298	\$ 74,992
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 1,148	\$ 585
Lease liabilities	6	5,626	5,469
		6,774	6,054
Lease liabilities	6	19,726	23,880
Decommissioning obligations	7	1,082	1,007
Deferred tax liabilities	8	5,799	4,980
Total liabilities		33,381	35,921
Parent's net investment		39,917	39,071
Total liabilities and parent's net investment		\$ 73,298	\$ 74,992

See the accompanying notes to the carve-out financial statements

Renewable Diesel & Hydrogen Assets and RNG Business
Carve-out Statements of Net Income (Loss) and Comprehensive Income (Loss)
(all tabular amounts expressed in thousands of Canadian dollars)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Revenue	9	\$ 4,165	\$ 4,457	\$ 5,897
Expenses				
Operating expenses	9	8,207	4,109	2,584
General and administrative		341	122	76
Depreciation	4,5	5,949	3,507	633
Total expenses		14,497	7,738	3,293
Operating income (loss)		(10,332)	(3,281)	2,604
Other expenses				
Finance costs	10	1,545	417	34
Total other expenses		1,545	417	34
Earnings (loss) before income tax		(11,877)	(3,698)	2,570
Deferred income tax	8	819	3,679	491
Net income (loss) and comprehensive income (loss)		\$ (12,696)	\$ (7,377)	\$ 2,079

See the accompanying notes to the carve-out financial statements

Renewable Diesel & Hydrogen Assets and RNG Business
Carve-out Statements of Changes in Parent's Net Investment
(all tabular amounts expressed in thousands of Canadian dollars)

	Notes	Total Parent's Net Investment
Balance, as at January 1, 2018		\$ 8,221
Net income (loss) and comprehensive income (loss)		2,079
Net transfers from parent		3,114
Balance, as at December 31, 2018		13,414
Net income (loss) and comprehensive income (loss)		(7,377)
Net transfers from parent		33,034
Balance, as at December 31, 2019		39,071
Net income (loss) and comprehensive income (loss)		(12,696)
Net transfers from parent		13,542
Balance, as at December 31, 2020		\$ 39,917

See the accompanying notes to the carve-out financial statements

Renewable Diesel & Hydrogen Assets and RNG Business

Carve-out Statements of Cash Flows

(all tabular amounts expressed in thousands of Canadian dollars)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Cash provided by (used in):				
Operating activities				
Net income (loss)		\$ (12,696)	\$ (7,377)	2,079
Adjustments:				
Depreciation	4,5	5,949	3,507	633
Finance costs	10	1,545	417	34
Deferred income tax expense	8	819	3,679	491
Changes in non-cash working capital	11	(47)	333	(143)
<i>Net cash provided by (used in) operating activities</i>		(4,430)	559	3,094
Financing activities				
Payment of lease liabilities	6	(6,093)	(3,448)	(316)
Receipt of parent's net investment		13,542	33,034	3,114
<i>Net cash provided by financing activities</i>		7,449	29,586	2,798
Investing activities				
Additions to property, plant and equipment	5	(3,579)	(29,970)	(3,721)
Changes in non-cash working capital	11	560	(175)	(2,171)
<i>Net cash used in investing activities</i>		(3,019)	(30,145)	(5,892)
Change in cash		-	-	-
Cash at beginning of period		-	-	-
Cash at end of period		\$ -	\$ -	-

See the accompanying notes to the carve-out financial statements

Renewable Diesel & Hydrogen Assets and RNG Business

Notes to the Carve-out Financial Statements

As at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018

All tabular amounts expressed in thousands of Canadian dollars

1. REPORTING ENTITY

The Brazeau River Nisku F Pool (the “RNG Business”) is located approximately 150 km southwest of Edmonton, Alberta, Canada at Tidewater Midstream and Infrastructure Ltd.’s (“Tidewater Midstream” or “the Parent”) Brazeau River Complex (“BRC”). The RNG Business’ assets are currently configured to inject, store, cycle and sell natural gas. The RNG Business generates value through the flexibility arising from purchasing, storing, and selling natural gas in a seasonally cyclical market and extracting incidental in-situ hydrocarbons. The RNG Business’ assets currently include two permitted gas storage caverns, three injection & withdrawal wells, a 1,480 horse-power compressor and approximately 30 kilometers of pipelines.

The Renewable Diesel and Renewable Hydrogen Assets (“Renewable Diesel & Hydrogen Assets”) includes steam methane reformer, unfiner reactor, canola co-processing unit, certain utilities, storage tanks and rail and truck rack, which are located at Tidewater Midstream’s Prince George refinery (“PGR”) in Prince George, British Columbia. Tidewater Midstream purchased the PGR on November 1, 2019, therefore these carve-out financial statements only include the assets acquired and operating/general administrative expenses related to these assets from November 1, 2019 onwards.

These carve-out financial statements have been prepared for the purpose of a proposed transaction which will transfer the Renewable Diesel & Hydrogen Assets and RNG Business (collectively the “Acquired Assets”) to a new entity, Tidewater Renewables Ltd. (“Tidewater Renewables”), via an intermediate transaction with Tidewater Acquisition Inc., a wholly owned subsidiary of Tidewater Midstream. Tidewater Renewables intends to issue common shares in an initial public offering, transferring a partial economic interest in Tidewater Renewables to third party investors. Tidewater Renewables’ initial assets will be the Acquired Assets, which will create the initial business of the entity.

2. BASIS OF PRESENTATION

Historically, the Acquired Assets have not prepared financial statements for the stand-alone operations nor were the Acquired Assets presented in a separate legal entity. These carve-out financial statements present the Statement of Financial Position, Statements of Net Income (Loss) and Comprehensive Income (Loss), Statements of Cash Flows and Statement of Changes in Parent’s Net Investment in a manner consistent with how Tidewater Midstream managed the Acquired Assets as though they had been a separate entity for all periods presented. The ongoing operations of the Acquired Assets are dependent on the continued net investment from Tidewater Midstream to fund its operations and ability to carry out its operating activities.

Due to the inherent limitations of carving out the assets, liabilities, operations and cash flows of the Acquired Assets, these carve-out financial statements are not necessarily indicative of the results that would have been attained by the Acquired Assets had it been operated as a separate legal entity during the periods presented and therefore, are not necessarily indicative of future operating results. Actual amounts that may have been incurred if the Acquired Assets had been a stand-alone entity for the periods presented would depend on a number of factors including the chosen organizational structure and what functions were outsourced or performed by the Acquired Assets’ employees.

a) Statement of compliance

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All assets, liabilities, revenues and expenses directly attributable to the Acquired Assets are presented in the carve-out statements of financial position and carve-out statements of net income (loss) and comprehensive income (loss). For certain assets, liabilities and expenses that are not directly attributable to the Acquired Assets allocations have been utilized to prepare the statements of financial position and statements of net income (loss) and comprehensive income (loss). The basis for these allocations were determined on a consistent and reasonable basis and are outlined below in greater detail.

These financial statements were approved and authorized for issuance by Tidewater Midstream’s Board of Directors on [●].

Renewable Diesel & Hydrogen Assets and RNG Business

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b) Functional and presentation currency

These financial statements are presented in Canadian dollars which is also the Acquired Assets' functional currency.

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Revenue and expenses are translated using the exchange rates prevailing at the time of the transaction. Foreign currency differences arising on translation or from the settlement of foreign currency transactions are recognized in profit or loss.

c) Basis of measurement

The carve-out financial statements have been prepared on a historical cost basis for all years presented, except as otherwise allowed for in accordance with IFRS. Certain expenses presented in the carve-out statements of net income (loss) and comprehensive income (loss) represent allocations and estimates of the cost of services incurred by the Acquired Assets. These allocations, which are discussed below, have been based on methodologies that Tidewater Midstream's management team believes to be reasonable.

i) General and administrative

Management has allocated fees for certain corporate functions indirectly related to the Acquired Assets including executive oversight, engineering, accounting, legal and other administrative functions. General and administrative expenses related to the Acquired Assets were allocated based on a relative percentage of Tidewater's headcount. The expenses allocated are not necessarily indicative of the expenses that would have been incurred if the Acquired Assets had performed the functions as a stand-alone entity, nor are they indicative of expenses that will be incurred in the future.

ii) Operating expenses

Operating expenses include both costs directly attributable to the Acquired Assets and indirect costs allocated on a systemic basis. Indirect costs have been allocated based on management's best estimate of how the Acquired Assets utilized Tidewater Midstream's resources.

Indirect labour, indirect expenses, asset integrity costs, regulatory costs and safety costs that could not be directly attributed to an asset were allocated based on the size, complexity, and estimated value of the asset they relate to.

Natural gas, power, utilities and carbon taxes that could not be directly attributed to an asset were allocated on the basis of estimated consumption. Consumption estimates incorporate information from engineering studies, regulatory compliance submissions and installed electric motor capacity.

Property tax and insurance was allocated on the basis of estimated replacement values. These estimates incorporate information from the Tidewater Midstream's insurance policy and property tax assessments.

iii) Income tax

As the Acquired Assets are not a taxable entity, corporate income tax balances such as non-capital losses, capital losses and finance costs have been excluded from the calculation of its income tax liability. The income tax liability therefore represents the difference in the taxable and accounting basis of right-of-use assets, property, plant and equipment, decommissioning liabilities and lease liabilities.

iv) Cash and financing

Tidewater Midstream uses a centralized approach for cash management and financing of its operations. Accordingly, cash held by Tidewater Midstream was not allocated to the Acquired Assets for any of the years presented. The Acquired Assets reflect transfers of cash to and from Tidewater Midstream's cash management system as a component of "Parent's Net Investment" on the carve-out statements of financial position, and these net transfers of cash are reflected as a financing activity in the carve-out statement of cash flows.

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v) *Accounts receivable, accounts payable and accrued liabilities*

Accounts receivable are amounts due from customers from the rendering of services or sale of goods in the ordinary course of business. These were determined based on unsettled receivables and contractual payment terms for the RNG Business' customers. Accounts payable and accrued liabilities for the Acquired Assets were determined based on the contractual payment terms of unsettled trade payables and accrued payables as at year end.

vi) *Property, plant and equipment, right of use asset, lease liability and decommissioning liabilities*

Property, plant and equipment assets relating to the RNG Business are comprised of a gas gathering system, equipment and storage, injection & withdrawal facilities. Property, plant and equipment assets relating to the Renewable Diesel & Hydrogen Assets consist of working interests in existing infrastructure including, the unifier reactor unit, the steam methane reformer unit, tankage, railcar and truck loading rack, co-processing equipment, a water treatment facility and electrical and utility infrastructure.

A description of the assets contemplated under the transaction can be found in note 1. Items included in property, plant and equipment includes the original purchase price allocation at the time the assets were acquired, along with any subsequent additions to the Acquired Assets at historical cost, less accumulated depreciation. Related decommissioning liabilities and right of use assets along with associated lease liabilities have been allocated based on a similar methodology.

vii) *Earnings per share*

The Acquired Assets are not a separate legal entity with common shares outstanding. Therefore, historical earnings per share have not been presented in the carve-out financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to the period presented in these financial statements.

a) Use of estimates and judgments

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions based on currently available information that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of income and expenses during the reporting period. Accordingly, actual results may differ from these estimates.

The ongoing COVID-19 global pandemic and related measures intended to limit the pandemic contributed to significant volatility in financial markets, including commodity prices, currency exchange rates and a decline in long-term interest rates has increased the business uncertainties faced by the Acquired Assets. These uncertainties increase the complexity of estimates and judgments used to prepare the carve-out financial statements in areas such as the identification of triggering events for the impairment of property, plant and equipment.

Changes to these assumptions could result in a material adjustment to the carrying amount of the assets and liabilities within the next financial year. The Acquired Assets did not have any indicators for impairment on its right of use assets or property, plant and equipment during the years ended December 31, 2020, 2019 and 2018.

Key sources of judgement and estimation uncertainty:

The following are the key judgement and estimation uncertainties that management believes have a significant risk of causing adjustments to the carrying amounts of assets and liabilities:

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Judgements

i) Depreciation

Depreciation of an asset often requires management to make judgements regarding the determination of an asset's future economic benefit and useful life. Among other factors, these judgements are based on industry standards and historical experience.

ii) Impairment

The determination of an asset, cash generating unit ("CGU") or group of CGUs' impairment is based on management's judgement in regard to the existence of internal or external indicators of impairment. The determination of a CGU is also based on management's judgement in regard to determining the smallest group of assets that generate cash inflows independently of other assets. The asset composition of a CGU can directly impact the recoverability of the related assets. The allocation of assets into a CGU requires judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures and the way in which management monitors the operations. In assessing recoverability, each CGU's carrying value is compared against the recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use.

iii) Leases

The determination of whether a contract is, or contains, a lease from both a lessee and lessor perspective requires management to assess whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Key judgments include whether a contract identifies an asset (or portion of an asset), whether the lessee obtains substantially all the economic benefits of the asset over the contract term and whether the lessee has the right to direct the asset's use. Judgment is also applied in determining the rate used to discount the lease payments.

Estimates

i) Depreciation

Storage facilities and related equipment are depreciated, net of estimated residual values, on a straight-line basis over their estimated useful lives. Where facilities and equipment, including major components, are significant in relation to the total cost of the assets and have differing useful lives, they are depreciated separately. Depreciation methods, useful lives and residual values are reviewed on an annual basis and, if necessary, any changes are accounted for prospectively.

ii) Decommissioning obligations

The carrying amount of decommissioning obligations depends on estimates of current pre-tax credit-adjusted risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures. The estimated costs for decommissioning obligations include such activities as dismantling, demolition and disposal of the facilities and equipment, as well as remediation and restoration of the sites.

iii) Impairment of property, plant and equipment

In determining the recoverable amount of assets in the absence of quoted market prices, estimates are made regarding the present value of future cash flows. Future cash flow estimates are based on future production profiles and reserves for surrounding wells, commodity prices, demand for refined product and costs. Estimates are also made in determining the discount rate used to calculate the present value of cash flows.

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iv) *Impairment of financial assets*

The measurement of financial assets carried at amortized cost includes management's estimates regarding the expected credit losses that will be realized on these financial assets.

b) Financial instruments

Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets must be classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Initially, all financial assets and financial liabilities are recorded on the balance sheets at fair value. After initial recognition, the effective interest related to financial assets and liabilities measured at amortized cost and the gain or loss arising from the change in the fair value of financial assets or liabilities classified as FVTPL are included in net loss for the period in which they arise. At each statement of financial position date an assessment is made whether there is objective evidence that a financial asset is impaired based on expected credit loss information. For the Acquired Assets' financial assets measured at amortized cost, loss allowances are determined based on the expected credit loss over the asset's lifetime. Expected credit losses are a probability-weighted estimate of credit losses, considering possible default events over the expected life of a financial asset.

Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in net loss.

If a financial liability is not measured at fair value through profit or loss, it is measured at amortized cost. For interest bearing debt, this is the fair value of the proceeds received net of transaction costs associated with the borrowing. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

The Acquired Assets' accounts receivables and accounts payable, and accrued liabilities are measured at amortized cost.

c) Property, plant and equipment

i) *Measurement*

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Initial cost includes expenditures that are directly attributable to the acquisition or construction of the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Acquired Assets and the costs can be measured reliably.

ii) *Depreciation*

Depreciation commences when property, plant and equipment are considered available for use. Depreciation is recognized in profit or loss on a straight-line basis over the useful lives of each component of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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The depreciation method and estimated useful life of the majority of the Acquired Assets' property, plant and equipment are as follows:

Asset	Depreciation Method	Estimated Useful Life
Storage, injection & withdrawal facilities	Straight-line	50 years
Gathering systems	Straight-line	50 years
Refinery units	Straight-line	20 - 50 years
Equipment	Straight-line	20 years

Depreciation method and useful lives of the assets are reviewed annually and adjusted if appropriate.

iii) *Impairment*

The carrying values of the property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. These indicators include, but are not limited to, economic performance of the assets, business plans, changes in commodity prices leading to lower activity levels, an increase in the discount rate and evidence of physical damage. If any such indication exists, then the CGU's recoverable amount is estimated.

For the purpose of assessing impairment, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGUs. Recoverability is measured by comparing the carrying amount of the asset or the CGU to which the asset belongs to the higher of its value in use and its fair value less costs of disposal. Value in use is calculated using estimated discounted future cash flows generated by the asset or its CGU. The Acquired Assets estimate fair value less cost to sell based upon recent market transactions for similar assets. In the absence of such transactions, an appropriate valuation model is used.

An impairment loss is recognized if the carrying amount of an asset or its respective CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss in respect of property, plant and equipment recognized in prior years is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairment losses are recognized in profit or loss.

d) **Provisions and contingent liabilities**

Provisions are recognized when there is a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

e) **Decommissioning obligations**

Decommissioning obligations are recognized for decommissioning and restoration obligations associated with the Acquired Assets' property, plant and equipment. The best estimate of the expenditure required to settle the present obligation at the statement of financial position date is recorded on a discounted basis using the pre-tax credit-adjusted risk-free interest rate at each reporting date. The future cash flow estimates are adjusted to reflect the risks specific to the liability. The value of the obligation is added to the carrying amount of the associated property, plant and equipment asset and is depreciated in accordance with the depreciation policy. The obligation is accreted over time through charges to finance costs. Changes in the future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows or the discount rate are recognized as changes in the

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decommissioning obligation and associated property, plant and equipment asset. Actual decommissioning expenditures up to the recorded liability at the time are charged against the obligation as the costs are incurred.

f) Parent's net investment

Tidewater Midstream's investment in the carve-out activities is presented as parent's net investment on the carve-out statement of financial position. Parent's net investment is comprised of accumulated earnings of the operations and the accumulated net distribution to the Acquired Assets (including any intercompany balances). Net changes are presented on the carve-out statements of cash flows as net change in parent's net investment.

g) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of services or the sale of goods is recognized when a specific performance obligation is satisfied through the transfer of goods or services to a customer. There is no revenue associated with the Renewable Diesel & Hydrogen Assets.

In addition to the above general principal, the RNG Business also applies the following specific revenue recognition policies:

i) *Gas storage revenue*

The RNG Business' assets store natural gas for a broad range of customers, including financial institutions. Storage revenue is generated through arrangements to acquire, inject, store, withdraw and dispose of customers' natural gas. The performance obligation from this form of revenue is normally met in the period in which the services are rendered, in accordance with the applicable third-party agreements. Under these arrangements, the fee is recognized in the period in which the gas acquisition, injection, storage, withdrawal, or disposition occurs. Because the RNG Business does not take title to the customer's gas, the RNG Business' gas storage inventory transactions are not recorded on the statement of financial position.

ii) *Fractionation and extraction revenue*

Fractionation and extraction revenues are a by-product of natural gas storage activities and relates to the recovery of in situ crude oil, natural gas and natural gas liquids. Revenue from the sale of goods is recognized when the performance obligation is satisfied through the transfer of goods or services to a customer at the amounts the RNG Business is entitled to receive based on goods and services provided.

h) Income taxes

Income taxes are comprised of current and deferred taxes. Income taxes are recognized in net income (loss) except to the extent that they relate to items recognized directly in equity, in which case the related income taxes are also recognized directly in equity.

Current income taxes are based on the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred taxes are recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized.

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i) Leases

Lease identification and initial measurement

The Acquired Assets assesses each new contract to determine whether it contains a lease. A specific asset is the subject of a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Acquired Assets allocate contract consideration to the lease and non-lease components on the basis of their relative stand-alone prices.

Key judgments include whether a contract identifies an asset (or a portion of an asset), whether the lessee obtains substantially all of the economic benefits of the asset over the contract term, whether the lessee has the right to direct the asset's use, which components are fixed or variable in nature and the discount rate. Tidewater Midstream applied its incremental borrowing rate for leases where the implicit rate cannot be readily determined.

The lease liability and initial right-of-use asset are recognized at the lease commencement date measured at the present value of fixed lease payments (including in-substance fixed payments) plus the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, discounted at a rate Tidewater Midstream would be required to borrow over a similar term.

Subsequent measurement

After initial recognition, the lease liability is accreted for the passage of time and reduced for lease settlements made during each period. For leases denominated in a currency other than the Acquired Assets' functional currency, the lease liability is considered a monetary item and is revalued at each reporting date.

After initial recognition, the right-of-use asset is depreciated on a straight-line basis over the term of the lease. The right-of-use asset is considered a non-monetary item and is reported using the exchange rate at the lease commencement date. Similar to property, plant and equipment, right-of-use assets are subject to the impairment requirements of *IAS 36, Impairment of Assets*. The Acquired Assets assesses right-of-use assets whenever events or changes in circumstances indicate that the carrying value of the right-of-use asset may not be recoverable. An impairment loss is recognized immediately in the statement of net income (loss) for the amount that the right-of-use asset's carrying amount exceeds its recoverable amount.

j) Finance costs

Finance costs include non-cash accretion expense related to decommissioning liabilities and lease liabilities and are recognized in the statements of net income (loss) and comprehensive income (loss) in the period in which they are incurred.

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4. RIGHT-OF-USE ASSETS

Right-of-use assets are comprised of the following:

	Railcars	Equipment	Total
COST			
Balance, December 31, 2018	\$ -	\$ 703	\$ 703
Additions	31,976	-	31,976
Balance, December 31, 2019	\$ 31,976	\$ 703	\$ 32,679
Additions	-	626	626
Terminations	-	(703)	(703)
Balance, December 31, 2020	\$ 31,976	\$ 626	\$ 32,602
ACCUMULATED DEPRECIATION			
Balance, December 31, 2018	\$ -	\$ 296	\$ 296
Depreciation	2,647	351	2,998
Balance, December 31, 2019	\$ 2,647	\$ 647	\$ 3,294
Depreciation	4,585	316	4,901
Terminations	-	(703)	(703)
Balance, December 31, 2020	\$ 7,232	\$ 260	\$ 7,492
NET BOOK VALUE			
December 31, 2019	\$ 29,329	\$ 56	\$ 29,385
December 31, 2020	\$ 24,744	\$ 366	\$ 25,110

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	RNG Business	Renewable Diesel & Hydrogen Assets	Assets under construction	Total
COST				
Balance, December 31, 2018	\$ 15,434	\$ -	\$ -	\$ 15,434
Renewable diesel & hydrogen asset acquisition	-	30,544	-	30,544
Additions	376	-	-	376
Balance, December 31, 2019	15,810	30,544	-	46,354
Additions	76	906	2,597	3,579
Balance, December 31, 2020	\$ 15,886	\$ 31,450	\$ 2,597	\$ 49,933
ACCUMULATED DEPRECIATION				
Balance, December 31, 2018	\$ 562	\$ -	\$ -	\$ 562
Depreciation	407	102	-	509
Balance, December 31, 2019	969	102	-	1,071
Depreciation	415	633	-	1,048
Balance, December 31, 2020	\$ 1,384	\$ 735	\$ -	\$ 2,119
NET BOOK VALUE				
December 31, 2019	\$ 14,841	\$ 30,442	\$ -	\$ 45,283
December 31, 2020	\$ 14,502	\$ 30,715	\$ 2,597	\$ 47,814

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6. LEASE LIABILITIES

The Acquired Assets' lease liabilities are the following:

	December 31, 2020	December 31, 2019
Balance, beginning of year	\$ 29,349	\$ 418
Additions	626	31,976
Accretion	1,847	1,068
Foreign exchange remeasurement	(377)	(665)
Lease payments	(6,093)	(3,448)
Total lease liability	\$ 25,352	\$ 29,349
Current portion of lease liability	5,626	5,469
Long term lease liability	19,726	23,880

Undiscounted payments associated with lease liabilities at December 31, 2020 are as follows:

	One year	Two – five years	Over five years	Total
Undiscounted lease repayments	\$ 5,797	\$ 21,904	\$ 2,224	\$ 29,925

7. DECOMMISSIONING OBLIGATIONS

The decommissioning obligation reflects the discounted cash flows expected to be incurred to decommission the Acquired Assets. The estimated economic lives of assets covered by the decommissioning provision ranging from 10 – 100 years. The obligation was inflated using a discount rate of 1.75% (2019 – 1.75%) and discounted using a credit-adjusted risk-free rate of 7.5% (2019 – 7.5%).

The following table summarizes changes in the decommissioning obligations:

	December 31, 2020	December 31, 2019
Balance, beginning of year	\$ 1,007	\$ 43
Renewable diesel & hydrogen assets acquisition	-	950
Unwinding of discount included in finance costs	75	14
Balance, end of year	\$ 1,082	\$ 1,007

8. INCOME TAXES

The provision for deferred taxes in the statements of income (loss) and comprehensive income (loss) reflects an effective tax rate which differs from the expected statutory tax rate. Differences were accounted for as follows:

	December 31, 2020	December 31, 2019	December 31, 2018
Income (loss) before taxes	\$ (11,877)	\$ (3,698)	\$ 2,570
Combined federal and provincial tax rates	26.5%	26.5%	27%
Expected tax expense (recovery)	(3,147)	(980)	694
Differences from:			
Change in rate and other	3,966	4,659	(203)
Deferred income tax expense	\$ 819	\$ 3,679	\$ 491

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The following table summarizes the movement of deferred taxes:

Asset (Liability)	December 31, 2019	Recognized in profit or loss	December 31, 2020
Property, plant and equipment	\$ (5,257)	\$ (765)	\$ (6,022)
Decommissioning obligations	267	20	287
Right-of-use assets and leases	10	(74)	(64)
Total	\$ (4,980)	\$ (819)	\$ (5,799)

Asset (Liability)	December 31, 2018	Recognized in profit or loss	December 31, 2019
Property, plant and equipment	\$ (1,315)	\$ (3,942)	\$ (5,257)
Decommissioning obligations	11	256	267
Right-of-use assets and leases	3	7	10
Total	\$ (1,301)	\$ (3,679)	\$ (4,980)

9. REVENUE AND OPERATING EXPENSES

For the years ended December 31, 2020, 2019 and 2018, the Acquired Assets had one operating segment: midstream and infrastructure, as the chief operating decision maker reviews operating results at this level to assess financial performance and make resource allocation decisions. The midstream and infrastructure operating segments includes the following revenue and expense categories: RNG Business and Renewable Diesel & Hydrogen Assets.

Year ended December 31, 2020	RNG Business	Renewable Diesel & Hydrogen Assets	Total
Gas storage revenue	\$ 2,363	\$ -	\$ 2,363
Fractionation and extraction revenue	1,802		1,802
Operating expenses	(3,763)	(4,444)	(8,207)
	\$ 402	\$ (4,444)	\$ (4,042)

Year ended December 31, 2019	RNG Business	Renewable Diesel & Hydrogen Assets	Total
Gas storage revenue	\$ 1,894	\$ -	\$ 1,894
Fractionation and extraction revenue	2,563		2,563
Operating expenses	(3,419)	(690)	(4,109)
	\$ 1,038	\$ (690)	\$ 348

Year ended December 31, 2018	RNG Business	Renewable Diesel & Hydrogen Assets	Total
Gas storage revenue	\$ 2,492	\$ -	\$ 2,492
Fractionation and extraction revenue	3,405		3,405
Operating expenses	(2,584)	-	(2,584)
	\$ 3,313	\$ -	\$ 3,313

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10. FINANCE COSTS

Finance costs are comprised of the following:

	Year ended December 31,		
	2020	2019	2018
Unwinding of discount on decommissioning obligation	\$ 75	\$ 14	\$ 2
Unrealized foreign exchange gains ⁽¹⁾	(377)	(665)	-
Unwinding of discount on lease liabilities	1,847	1,068	32
Total finance costs	\$ 1,545	\$ 417	\$ 34

(1) Relates to translation of USD denominated lease liabilities.

11. SUPPLEMENTAL CASH FLOWS INFORMATION

a) Changes in non-cash working capital from operating activities is as follows:

	December 31,		
	2020	2019	2018
Accounts receivable	\$ (50)	\$ 52	\$ (376)
Accounts payable and accrued liabilities	3	281	233
Change in non-cash working capital from operating activities	\$ (47)	\$ 333	\$ (143)

b) Changes in non-cash working capital from investing activities is as follows:

	December 31,		
	2020	2019	2018
Accounts payable and accrued liabilities	\$ 560	\$ (175)	\$ (2,171)
Change in non-cash working capital from investing activities	\$ 560	\$ (175)	\$ (2,171)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Tidewater Midstream's Board of Directors has the overall responsibility for the establishment and oversight of the Acquired Assets' risk management framework. Tidewater Midstream's risk management policies are established to identify and analyze the risks faced by the Acquired Assets, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions. Tidewater Midstream employs risk management strategies and policies to ensure that any exposure to risks are in compliance with the business objectives and risk tolerance levels.

The Acquired Assets' activities expose it to a variety of financial risks that arise as a result of its operating and financing activities such as credit risk and liquidity risk.

This note presents information about the Acquired Assets' exposure to each of the above risks and the Tidewater Midstream's objectives, policies and processes for measuring and managing these risks.

a) Fair value determination

A number of the Acquired Assets' accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining the fair values is disclosed in the notes specific to that asset or liability.

The Acquired Assets classify fair value of financial instruments according to the following hierarchies based on the amount of observable inputs used to value the instruments:

Renewable Diesel & Hydrogen Assets and RNG Business

Notes to the Carve-out Financial Statements

As at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018

All tabular amounts expressed in thousands of Canadian dollars

- Level 1 – values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value of any marketable securities has been derived with reference to the quoted closing bid prices of the underlying securities.
- Level 2 – values based on inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. Such inputs can be corroborated with other observable inputs for substantially the complete term of the contract. The fair value is derived with reference to commodity price curves, currency curves and credit spreads.
- Level 3 – values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

At December 31, 2020, the fair value of accounts receivable and accounts payable and accrued liabilities approximated their carrying value due to their short-term maturity.

b) Credit risk

Credit risk is the risk of financial loss to the Acquired Assets if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Acquired Asset's accounts receivable from customers. The maximum exposure to credit risk at December 31, 2020 and December 31, 2019 is as follows:

	December 31, 2020	December 31, 2019
Accounts receivable	\$ 374	\$ 324

The Acquired Assets' accounts receivable balances are primarily from purchasers of natural gas, natural gas liquids, and storage customers. These purchasers include marketing and trading companies and financial institutions. The Acquired Assets' perform creditworthiness assessment on counterparties including financial status and external credit ratings. Depending on the outcome of each assessment, letters of credit, prepayments, or some other form of credit enhancement may be requested as security. Due to COVID-19, Tidewater Midstream has increased its scrutiny to its credit monitoring procedures.

Accounts receivable are generally settled with counterparties on the industry settlement date, which is typically in the month following the month in which the title transfers. The RNG Business has one investment grade customer that accounts for approximately 42% of revenue. Revenue earned from this customer for the year ended December 31, 2020 was \$1,749 (2019 – \$1,938, 2018 – \$2,034). Tidewater Midstream believes the financial risk associated with this customer is minimal. Tidewater Midstream assesses lifetime expected credit losses for accounts receivable using historical default rates, aged accounts receivable analysis and forward-looking information to determine the appropriate expected credit losses for the Acquired Assets. At December 31, 2020 lifetime expected credit losses for accounts receivable outstanding were \$NIL (December 31, 2019 - \$NIL).

c) Liquidity risk

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

The following details the contractual maturities of the Acquired Assets' financial liabilities as at December 31, 2020 and December 31, 2019:

	December 31, 2020		December 31, 2019	
	Less than one year	Greater than one year	Less than one year	Greater than one year
Accounts payable and accrued liabilities	\$ 1,148	\$ -	\$ 585	\$ -
Lease liabilities and other	5,626	19,726	5,469	23,880
	\$ 6,774	\$ 19,726	\$ 6,054	\$ 23,880

Renewable Diesel & Hydrogen Assets and RNG Business

Notes to the Carve-out Financial Statements

As at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018

All tabular amounts expressed in thousands of Canadian dollars

13. RELATED PARTY TRANSACTIONS

The RNG Business' gas, liquids and other emulsions are processed at Tidewater Midstream's BRC. During the year ended December 31, 2020 the RNG Business' incurred \$1.5 million (2019 - \$1.4 million, 2018 - \$1.1 million) of operating expenses related to this processing.

Condensed Interim Carve-out Financial Statements of the Renewable
Diesel & Hydrogen Assets and RNG Business of Tidewater Midstream and
Infrastructure Ltd.

For the three months ended March 31, 2021 and 2020

Renewable Diesel & Hydrogen Assets and RNG Business
Condensed Interim Carve-out Statements of Financial Position (unaudited)
(all tabular amounts expressed in thousands of Canadian dollars)

As at	Notes	March 31, 2021		December 31, 2020
Assets				
Current				
Accounts receivable		\$ 425	\$	374
		425		374
Right-of-use assets	3	23,904		25,110
Property, plant and equipment	4	51,249		47,814
Total assets		\$ 75,578	\$	73,298
Liabilities				
Current				
Accounts payable		\$ 1,266	\$	1,148
Lease liabilities	5	5,534		5,626
		6,800		6,774
Lease liabilities	5	18,471		19,726
Decommissioning obligations	6	1,097		1,082
Deferred tax liabilities		6,096		5,799
Total liabilities		32,464		33,381
Parent's net investment		43,114		39,917
Total liabilities and parent's net investment		\$ 75,578	\$	73,298

See the accompanying notes to the condensed interim carve-out financial statements

Renewable Diesel & Hydrogen Assets and RNG Business**Condensed Interim Carve-out Statements of Net Income (Loss) and Comprehensive Income (Loss) (unaudited)**
(all tabular amounts expressed in thousands of Canadian dollars)

	Notes	Three months ended March 31, 2021	Three months ended March 31, 2020
Revenue	7	\$ 1,386	\$ 1,058
Expenses			
Operating expenses	7	2,521	1,990
General and administrative		106	68
Depreciation	3, 4	1,477	1,484
Total expenses		4,104	3,542
Operating income (loss)		(2,718)	(2,484)
Other expenses			
Finance costs	8	110	3,154
Total other expenses		110	3,154
Earnings (loss) before income tax		(2,828)	(5,638)
Deferred income tax expense (recovery)		297	(428)
Net income (loss) and comprehensive income (loss)		\$ (3,125)	\$ (5,210)

See the accompanying notes to the condensed interim carve-out financial statements

Renewable Diesel & Hydrogen Assets and RNG Business
Condensed Interim Carve-out Statements of Changes in Parent's Net Investment (unaudited)
(all tabular amounts expressed in thousands of Canadian dollars)

	Notes	March 31, 2021	March 31, 2020
Balance, beginning of period		39,917	39,071
Net income (loss) and comprehensive income (loss)		(3,125)	(5,210)
Net transfers from parent		6,322	2,625
Balance, end of period	\$	43,114	\$ 36,486

See the accompanying notes to the condensed interim carve-out financial statements

Renewable Diesel & Hydrogen Assets and RNG Business
Condensed Interim Carve-out Statements of Cash Flows (unaudited)
(all tabular amounts expressed in thousands of Canadian dollars)

Notes	Three months ended March 31, 2021	Three months ended March 31, 2020
Cash provided by (used in):		
Operating activities		
Net income (loss) for the period	\$ (3,125)	\$ (5,210)
Adjustments:		
Depreciation	3, 4 1,477	1,484
Finance costs	8 110	3,154
Deferred income tax expense	297	(428)
Changes in non-cash working capital	9 (50)	(3)
<i>Net cash used in operating activities</i>	(1,291)	(1,003)
Financing activities		
Payment of lease liabilities	5 (1,442)	(1,529)
Receipt of parent's net investment	6,322	2,625
<i>Net cash provided by financing activities</i>	4,880	1,096
Investing activities		
Additions to property, plant and equipment	(3,706)	(29)
Changes in non-cash working capital	9 117	(64)
<i>Net cash used in investing activities</i>	(3,589)	(93)
Change in cash	-	-
Cash at beginning of period	-	-
Cash at end of period	\$ -	\$ -

See the accompanying notes to the condensed interim carve-out financial statements

Renewable Diesel & Hydrogen Assets and RNG Business

Notes to the Condensed Interim Carve-out Financial Statements

For the three months ended March 31, 2021 and 2020 (unaudited)

All tabular amounts expressed in thousands of Canadian dollars

1. REPORTING ENTITY

The Brazeau River Nisku F Pool (the “RNG Business”) is located approximately 150 km southwest of Edmonton, Alberta, Canada at Tidewater Midstream and Infrastructure Ltd.’s (“Tidewater Midstream” or “the Parent”) Brazeau River Complex (“BRC”). The RNG Business’ assets are currently configured to inject, store, cycle and sell natural gas. The RNG Business generates value through the flexibility arising from purchasing, storing, and selling natural gas in a seasonally cyclical market and extracting incidental in-situ hydrocarbons. The RNG Business’ assets currently include two permitted gas storage caverns, three injection & withdrawal wells, a 1,480 horse-power compressor and approximately 30 kilometers of pipelines.

The Renewable Diesel and Renewable Hydrogen Assets (“Renewable Diesel & Hydrogen Assets”) includes steam methane reformer, unfiner reactor, canola co-processing unit, certain utilities, storage tanks and rail and truck rack, which are located at Tidewater Midstream’s Prince George refinery (“PGR”) in Prince George, British Columbia. Tidewater Midstream purchased the PGR on November 1, 2019, therefore these carve-out financial statements only include the asset acquisition and operating/general administrative expenses related to these assets from November 1, 2019 onwards.

These carve-out financial statements have been prepared for the purpose of a proposed transaction which will transfer the RNG Business and the Renewable Diesel & Hydrogen Assets (the “Acquired Assets”) to a new entity, Tidewater Renewables Ltd. (“Tidewater Renewables”), via an intermediate transaction with Tidewater Acquisition Inc., a wholly owned subsidiary of Tidewater Midstream. Tidewater Renewables intends to issue common shares in an initial public offering, transferring a partial economic interest in Tidewater Renewables to third party investors. Tidewater Renewables’ initial assets will be the Acquired Assets, which will create the initial business of the entity.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim carve-out financial statements are in compliance with IAS 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board. The accounting policies applied are in accordance with International Financial Reporting Standards (“IFRS”) and are consistent with the Acquired Assets’ financial statements for the year ended December 31, 2020. These condensed interim carve-out financial statements as at and for the three month period ended March 31, 2021 do not include all disclosures required for the preparation of annual financial statements and should be read in conjunction with the Acquired Assets’ carve-out financial statements as at and for the year ended December 31, 2020.

These financial statements were approved and authorized for issuance by Tidewater Midstream’s Board of Directors on [●].

Renewable Diesel & Hydrogen Assets and RNG Business

Notes to the Condensed Interim Carve-out Financial Statements
For the three months ended March 31, 2021 and 2020 (unaudited)
All tabular amounts expressed in thousands of Canadian dollars

3. RIGHT-OF-USE ASSETS

Right-of-use assets are comprised of the following:

	Railcars		Equipment		Total
COST					
Balance, December 31, 2019	\$	31,976	\$	703	\$ 32,679
Additions		-		626	626
Terminations		-		(703)	(703)
Balance, December 31, 2020	\$	31,976	\$	626	\$ 32,602
Additions		-		-	-
Balance, March 31, 2021	\$	31,976	\$	626	\$ 32,602
ACCUMULATED DEPRECIATION					
Balance, December 31, 2019	\$	2,647	\$	647	\$ 3,294
Depreciation		4,585		316	4,901
Terminations		-		(703)	(703)
Balance, December 31, 2020	\$	7,232	\$	260	\$ 7,492
Depreciation		1,127		79	1,206
Balance, March 31, 2021	\$	8,359	\$	339	\$ 8,698
NET BOOK VALUE					
December 31, 2020	\$	24,744	\$	366	\$ 25,110
March 31, 2021	\$	23,617	\$	287	\$ 23,904

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	RNG Business		Renewable Diesel & Hydrogen Assets		Assets under construction		Total
COST							
Balance, December 31, 2019	\$	15,810	\$	30,544	\$	-	\$ 46,354
Additions		76		906		2,597	3,579
Balance, December 31, 2020		15,886		31,450		2,597	49,933
Additions		-		513		3,193	3,706
Balance, March 31, 2021	\$	15,886	\$	31,963	\$	5,790	\$ 53,639
ACCUMULATED DEPRECIATION							
Balance, December 31, 2018	\$	969	\$	102	\$	-	\$ 1,071
Depreciation		415		633		-	1,048
Balance, December 31, 2019		1,384		735		-	2,119
Depreciation		104		167		-	271
Balance, December 31, 2020	\$	1,488	\$	902	\$	-	\$ 2,390
NET BOOK VALUE							
December 31, 2020	\$	14,502	\$	30,715	\$	2,597	\$ 47,814
March 31, 2021	\$	14,398	\$	31,061	\$	5,790	\$ 51,249

Renewable Diesel & Hydrogen Assets and RNG Business

Notes to the Condensed Interim Carve-out Financial Statements
For the three months ended March 31, 2021 and 2020 (unaudited)
All tabular amounts expressed in thousands of Canadian dollars

5. LEASE LIABILITIES

The Acquired Assets lease liabilities are the following:

	March 31, 2021	December 31, 2020
Balance, beginning of period	\$ 25,352	\$ 29,349
Additions	-	626
Accretion	396	1,847
Foreign exchange remeasurement	(301)	(377)
Lease payments	(1,442)	(6,093)
Total lease liability	\$ 24,005	\$ 25,352
Current portion of lease liability	5,534	5,626
Long term lease liability	18,471	19,726

Undiscounted payments associated with lease liabilities at March 31, 2021 are as follows:

	One year	Two – five years	Over five years	Total
Undiscounted lease repayments	\$ 5,646	\$ 21,570	\$ 913	\$ 28,129

6. DECOMMISSIONING OBLIGATIONS

The decommissioning obligation reflects the discounted cash flows expected to be incurred to decommission the Acquired Assets. The estimated economic lives of assets covered by the decommissioning provision ranging from 10 – 100 years. The obligation was inflated using a discount rate of 1.75% (December 31, 2020 – 1.75%) and discounted using a credit-adjusted risk-free rate of 7.5% (December 31, 2020 – 7.5%).

The following table summarizes changes in the decommissioning obligations:

	March 31, 2021	December 31, 2020
Balance, beginning of period	\$ 1,082	\$ 1,007
Unwinding of discount included in finance costs	15	75
Balance, end of period	\$ 1,097	\$ 1,082

7. REVENUE AND OPERATING EXPENSES

For the three months ended March 31, 2021 and 2020, the Acquired Assets had one operating segment: midstream and infrastructure, as the chief operating decision maker reviews operating results at this level to assess financial performance and make resource allocation decisions. The midstream and infrastructure operating segments includes the following revenue and expense categories: RNG Business and Renewable Diesel & Hydrogen Assets.

Three months ended March 31, 2021	RNG Business	Renewable Diesel & Hydrogen Assets	Total
Gas storage revenue	\$ 437	\$ -	\$ 437
Fractionation and extraction revenue	949		949
Operating expenses	(1,230)	(1,291)	(2,521)
	\$ 156	\$ (1,291)	\$ (1,135)

Three months ended March 31, 2020	RNG Business	Renewable Diesel & Hydrogen Assets	Total
Gas storage revenue	\$ 391	\$ -	\$ 391
Fractionation and extraction revenue	667		667
Operating expenses	(903)	(1,087)	(1,990)
	\$ 155	\$ (1,087)	\$ (932)

Renewable Diesel & Hydrogen Assets and RNG Business

Notes to the Condensed Interim Carve-out Financial Statements
For the three months ended March 31, 2021 and 2020 (unaudited)
All tabular amounts expressed in thousands of Canadian dollars

8. FINANCE COSTS

Finance costs are comprised of the following:

	Three months ended March 31,	
	2021	2020
Unwinding of discount on decommissioning obligation	\$ 15	\$ 18
Unrealized foreign exchange gains ⁽¹⁾	(301)	2,651
Unwinding of discount on lease liabilities	396	485
Total finance costs	\$ 110	\$ 3,154

⁽¹⁾ Relates to translation of USD denominated lease liabilities.

9. SUPPLEMENTAL CASH FLOWS INFORMATION

a) Changes in non-cash working capital from operating activities is as follows:

	March 31,	
	2021	2020
Accounts receivable	\$ (51)	\$ (29)
Accounts payable and accrued liabilities	1	26
Change in non-cash working capital from operating activities	\$ (50)	\$ (3)

b) Changes in non-cash working capital from investing activities is as follows:

	March 31,	
	2021	2020
Accounts payable and accrued liabilities	\$ 117	(64)
Change in non-cash working capital from operating activities	\$ 117	\$ (64)

10. RELATED PARTY TRANSACTIONS

The RNG Business' gas, liquids and other emulsions are processed at Tidewater Midstream's BRC. During the three months ended March 31, 2021 the RNG Business incurred \$0.5 million (three months ended March 31, 2020 \$0.4 million) of operating expenses related to this processing.

Tidewater Renewables Ltd.
Pro Forma Financial Statements

As at March 31, 2021, for the three months ended March 31, 2021
and for the year ended December 31, 2020
(unaudited)

Tidewater Renewables Ltd.
Pro Forma Statement of Financial Position
As at March 31, 2021 (unaudited)

(all tabular amounts expressed in thousands of Canadian dollars)

	Tidewater Renewables	Renewable Diesel & Hydrogen Assets and RNG Business	Note 3	Pro Forma Adjustments	Pro Forma
Assets					
Current					
Cash	\$ -	\$ -	(a)	\$ -	\$ -
Accounts receivable	-	425	(b)	(425)	-
	-	425		(425)	-
Right-of-use assets		23,904	(d)	101	24,005
Property, plant and equipment	-	51,249	(c)	681,624	732,873
Total assets	\$ -	\$ 75,578		\$ 681,300	\$ 756,878
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ -	\$ 1,266	(b)	\$ (1,266)	\$ -
Lease liabilities	-	5,534	(d)	-	5,534
	-	6,800		(1,266)	5,534
Bank debt	-	-	(e)	42,000	42,000
Lease liabilities	-	18,471	(d)	-	18,471
Decommissioning obligations	-	1,097		-	1,097
Deferred tax liabilities	-	6,096	(f)	136,945	143,041
Total liabilities	-	32,464		177,679	210,143
Equity					
Share capital	-	-	(g)	548,205	548,205
Retained earnings	-	-	(h)	(1,470)	(1,470)
Parent's net investment	-	43,114	(h)	(43,114)	-
Total equity	-	43,114		503,621	546,735
Total liabilities and equity	\$ -	\$ 75,578		\$ 681,300	\$ 756,878

Tidewater Renewables Ltd.

Pro Forma Statement of Net Income (Loss) and Comprehensive Income (Loss)

For the three months ended March 31, 2021

(all tabular amounts expressed in thousands of Canadian dollars, except per share information)

	Tidewater Renewables	Renewable Diesel & Hydrogen Assets and RNG Business	Note 4	Pro Forma Adjustments	Pro Forma
Revenue	\$ -	\$ 1,386	(a)	\$ -	\$ 1,386
Expenses					
Operating expenses	-	2,521		-	2,521
General and administrative	-	106		-	106
Depreciation	-	1,477	(b)	3,168	4,645
Total expenses	-	4,104		3,168	7,272
Operating income (loss)	-	(2,718)		(3,168)	(5,886)
Other expenses					
Finance costs	-	110	(c)	525	635
Total other expenses	-	110		525	635
Earnings (loss) before income tax	-	(2,828)		(3,693)	(6,521)
Deferred income tax expense (recovery)	-	297	(e)	(2,025)	(1,728)
Net income (loss) and comprehensive income (loss)	\$ -	\$ (3,125)		\$ (1,668)	\$ (4,793)
Earnings per share – basic and diluted			(f)	\$	(0.14)

Tidewater Renewables Ltd.

Pro Forma Statement of Net Income (Loss) and Comprehensive Income (Loss)

For the year ended December 31, 2020

(all tabular amounts expressed in thousands of Canadian dollars, except per share information)

	Tidewater Renewables	Renewable Diesel & Hydrogen Assets and RNG Business	Note 4	Pro Forma Adjustments	Pro Forma
Revenue	\$ -	\$ 4,165	(a)	\$ -	\$ 4,165
Expenses	-	-			
Operating expenses	-	8,207		-	8,207
General and administrative	-	341		-	341
Depreciation	-	5,949	(b)	12,709	18,658
Total expenses	-	14,497		12,709	27,206
Operating income (loss)	-	(10,332)		(12,709)	(23,041)
Other expenses					
Finance costs	-	1,545	(c)	2,100	3,645
Transaction costs	-	-	(d)	2,000	2,000
Total other expenses	-	1,545		4,100	5,645
Earnings (loss) before income tax	-	(11,877)		(16,809)	(28,686)
Deferred income tax expense (recovery)	-	819	(d)	(8,421)	(7,602)
Net income (loss) and comprehensive income (loss)	\$ -	\$ (12,696)		\$ (8,388)	\$ (21,084)
Earnings per share – basic and diluted			(f)	\$	(0.63)

Tidewater Renewables Ltd.

Notes to the Pro Forma Financial Statements

(All tabular amounts expressed in thousands of Canadian dollars, except per share information)

1. DESCRIPTION OF THE BUSINESS AND TRANSACTION

Tidewater Renewables Ltd. (“Tidewater Renewables” or the “Company”) has been formed to become a multi-faceted, energy transition company. The Company intends to focus on the production of low carbon fuels, including renewable diesel, renewable hydrogen, renewable natural gas, as well as carbon capture.

The net proceeds of the Offering are expected to be approximately [\$138 million] (excluding any proceeds from the exercise of the Over-Allotment Option), after deducting the underwriters’ commission of [\$10 million] and the Company’s expenses related to the Offering estimated to be [\$2 million].

Upon closing of the Offering the Company will enter into a secured credit facility in the amount of up to \$150 million (the “Credit Facility”).

The Company intends to use the net proceeds from the Offering along with draws from the Credit Facility to acquire certain assets from Tidewater Midstream (the “Acquired Assets”) for aggregate consideration of [\$585] million (including \$[180] million in cash and the balance in common shares). The acquisition will be effected by the Company acquiring all of the Acquired Assets from Tidewater Acquisition Inc., a wholly-owned direct subsidiary of Tidewater Midstream that was created to effect the Acquisition.

Tidewater Renewables’ initial assets will be the existing Acquired Assets, which will create the initial business of the entity. The Acquired Assets include various working interests in the following: steam methane reformer, unifier reactor, canola co-processing unit, certain utilities, storage tanks and rail and truck rack, which are located at the Price George refinery in Prince George, British Columbia and 100% working interest in a renewable storage reservoir and related infrastructure assets, which are located in central Alberta.

2. BASIS OF PRESENTATION

The following unaudited pro forma financial statements (“Pro Forma Financial Statements”) were prepared to reflect the Offering, the increase to the Credit Facility and the acquisition of the Acquired as described in Note 1 (the “Transactions”). The Pro Forma Financial Statements are prepared for information purposes only.

The Pro Forma Financial Statements include pro forma assumptions and adjustments that give effect to the Transactions as if they occurred on March 31, 2021 for the purpose of the unaudited pro forma statement of financial position as at March 31, 2021; and on January 1, 2020 for the purposes of the unaudited pro forma statements of income (loss) and comprehensive income (loss) for the three months ended March 31, 2021 and for the year ended December 31, 2020.

The Pro Forma Financial Statements have been prepared from information derived from, and should be read in conjunction with, the following:

- Renewable Diesel & Renewable Hydrogen Assets and RNG Business audited carve-out financial statements for the year ended December 31, 2020; and
- Renewable Diesel & Renewable Hydrogen Assets and RNG Business unaudited carve-out condensed interim financial statements for the three months ended March 31, 2021.

In the opinion of the Company’s management, the accounting policies used in the Pro Forma Financial Statements include all adjustments necessary for the fair presentation of the described transactions in accordance with the significant accounting policies used to prepare the Company’s financial statements and carve out financial statements of the Acquired Assets. Any new significant accounting policies have been described below. The Pro Forma Financial Statements do not reflect any retrofitting of the assets, related revenue enhancements or cost savings that may be achieved, or costs to develop Acquired Assets. Further, adjustments have not been made to reflect any administrative efficiencies or costs associated with utilizing any management, administrative and operational services agreements.

The Pro Forma Financial Statements are based on currently available financial information and certain estimates and assumptions. These Pro Forma Financial Statements may not necessarily be indicative of the financial results or operations that would have occurred if the events reflected herein had occurred on the assumed dates or the results of operations in future periods. Furthermore, actual amounts recorded upon the finalization of the Transactions may differ from the amounts reflected in the Pro Forma Financial Statements.

Tidewater Renewables Ltd.

Notes to the Pro Forma Financial Statements

(All tabular amounts expressed in thousands of Canadian dollars, except per share information)

In conjunction with the purchase of the Acquired Assets, the Company and Tidewater Midstream will enter into various take-or-pay agreements (subject to closing of the Offering) whereby Tidewater Midstream will pay the Company various fees for prescribed capacity and/or services in connection with the Acquired Assets. The take-or-pay volume commitments shall include annual and monthly capacity commitments, in exchange for a fee paid by Tidewater Midstream. No adjustments have been made to the Pro Forma Financial Statements to reflect these take-or-pay contracts. The Company and Tidewater Midstream will also enter into operating and management services agreements with respect to the Acquired Assets. No adjustments have been made to the Pro Forma Financial Statements for any changes to historical costs of operating these assets that may result from executing these agreements.

3. PRO FORMA STATEMENT OF FINANCIAL POSITION ASSUMPTIONS AND ADJUSTMENTS

The following pro forma adjustments have been made to the unaudited Pro Forma Statement of Financial Position assuming the Transactions occurred on March 31, 2021:

a) *Cash*

Cash has been adjusted to reflect the issuance of [●] million common shares of the Company at a price of [●] per common share pursuant to the Offering. Share issuance costs of [\$10.0 million] and transaction costs of [\$2 million] have been netted against the proceeds received. The net proceeds received from the Offering of \$138 million will be used to purchase the Acquired Assets along with amounts drawn under the credit facility of approximately \$42 million.

b) *Accounts receivable, accounts payable and accrued liabilities*

Accounts receivable and accounts payable have been adjusted to remove the RNG Business' accounts receivable and accrued liabilities as at March 31, 2021 as they are not being acquired by the Company.

c) *Property, plant and equipment*

The Pro Forma Financial Statements reflect the purchase of the Acquired Assets, as described in Note 1, for total consideration of [\$585.0 million]. The acquisition has been accounted for as a business combination using the acquisition method where the acquired assets and liabilities assumed are recorded at their estimated fair values, with the exception of right-of-use assets and leases liabilities, which are measured in accordance with the Company's accounting policies. The fair value of property, plant and equipment was determined using discounted cash flows based on projected cash flows from the Acquired Assets and expected Renewable Diesel and Renewable Hydrogen projects. The purchase price allocation is preliminary and is subject to change.

The following summarizes the purchase price allocation:

Consideration for the acquisition:		
Cash	\$	180,000
Common shares		405,555
Total consideration	\$	585,555

Allocation of the purchase price:		
Right-of-use asset	\$	24,005
Property, plant, and equipment		732,873
Lease liability - current		(5,534)
Lease liability – long term		(18,471)
Decommissioning obligations		(1,097)
Deferred tax liabilities		(146,221)
Total net assets acquired	\$	585,555

Tidewater Renewables Ltd.

Notes to the Pro Forma Financial Statements

(All tabular amounts expressed in thousands of Canadian dollars, except per share information)

d) *Right-of-use assets and lease liabilities*

Right-of-use assets and associated lease liabilities have been adjusted to reflect the assumption of approximately 300 rail tank cars and equipment lease agreements associated with the Acquired Assets. The lease liability is measured at the present value of the remaining lease payments discounted using the Company's expected incremental borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability.

e) *Bank debt*

Upon closing of the Offering the Company will enter into a secured Credit Facility in the amount of up to \$150 million. Incremental borrowing under the Credit Facility consists of \$42 million associated with the purchase of the Acquired Assets. The Credit Facility is expected to be for a term of three years with a one year renewal option at the request of the Company, subject to Lender approval. Advances may be made by way of direct advances, bankers' acceptances, or standby letters of credit/guarantees. The Credit Facility bears interest at the Bank's prime rate on bankers' acceptance discount rates plus an applicable margin of 150 bps to 300 bps on prime rate loans, 250 bps to 400 bps on stamping fees related to bankers' acceptances, and 62.5 bps to 100 bps for standby fees as determined by reference to the Company's consolidated debt to EBITDA ratio (as defined in the Credit Facility).

f) *Deferred income tax asset and liability*

The acquisition of the Acquired Assets will occur on a tax deferred basis under section 85(1) of the *Income Tax Act* (Canada) with a combined deemed cost base of \$180 million. The deferred income tax liability adjustment was determined by applying the statutory tax rate to temporary differences between the tax and accounting balances. The effective tax rate for the Company is 26.5%.

g) *Share capital*

Share capital has been adjusted to reflect the issuance of [●] common shares of the Company at a price of [●] per common share. Share issuance costs of [\$10.0 million], net of tax of [\$2.6 million] have been netted against the proceeds received.

After the purchase of the Acquired Assets, there is expected to [●] common shares as follows:

	Number	Amount
Common shares issued pursuant to the Offering	[●]	\$ 150,000
Common shares issued for the Acquired Assets	[●]	405,555
Share issuance costs, net of tax	-	(7,350)
Pro forma share capital	[●]	\$ 548,205

h) *Retained earnings and Parent's net investment*

Retained earnings has been adjusted for transaction costs of [\$1.5 million] net of tax. The net parent investment has been eliminated in the purchase price allocation.

4. PRO FORMA STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ASSUMPTIONS AND ADJUSTMENTS

The following pro forma adjustments have been made to the unaudited pro forma statement of income (loss) and comprehensive income (loss) for the three months ended March 31, 2021 and for the year ended December 31, 2020, assuming the described transactions occurred on January 1, 2020:

a) *Revenue*

Pursuant to various take-or-pay agreements (subject to closing of the Offering), and as further described within the prospectus, Tidewater Midstream will pay the Company various fees for prescribed capacity and/or services

Tidewater Renewables Ltd.

Notes to the Pro Forma Financial Statements

(All tabular amounts expressed in thousands of Canadian dollars, except per share information)

in connection with the Acquired Assets. The take-or-pay volume commitments shall include annual and monthly capacity commitments, in exchange for a fee paid by Tidewater Midstream. No adjustments have been made to the Pro Forma Financial Statements to reflect these take-or-pay contracts.

b) Depreciation

Depreciation was calculated on a straight-line basis using the preliminary fair value estimates of property, plant and equipment and right-of-use assets. The preliminary useful lives used to depreciate property, plant and equipment are between 20 and 50 years. Right-of-use assets are depreciated over the term of the underlying lease.

c) Finance costs

Finance costs have been adjusted to reflect additional interest expense relating to incremental borrowings under the Credit Facility to finance a portion of the Acquired Assets, bearing interest at an average interest rate of 5% per annum.

d) Transaction costs

Transaction costs of [\$2 million] are expensed on the Pro Forma Statement of Income (Loss) for the year ended December 31, 2020.

e) Deferred income tax

Tax effect on the pro forma adjustments and earnings before tax was recorded using an estimated effective tax rate of 26.5% for the three months ended March 31, 2021 and for the year ended December 31, 2020.

f) Earnings per share

Earnings per share has been reflected to adjust for the completion of the Offering and the purchase of the Acquired Assets.

APPENDIX “B” — AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

Role and Objective

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

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

The primary objectives of the Committee are as follows:

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

Membership of Committee

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

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

Mandate and Responsibilities of Committee

It is the responsibility of the Committee to:

4. Oversee the work of the external auditors, including the resolution of any disagreements between Management and the external auditors regarding financial reporting.
5. Satisfy itself on behalf of the Board with respect to Tidewater Renewables’ internal control systems, including financial and non-financial elements; identify, monitor and mitigate business risks; and ensuring compliance with legal, ethical and regulatory requirements.
6. Review the annual and interim financial statements of the Company and related management’s discussion and analysis (“**MD&A**”) prior to their submission to the Board for approval. The process should include but not be limited to:
 - reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years’ financial statements;
 - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
 - reviewing accounting treatment of unusual or non-recurring transactions;
 - ascertaining compliance with covenants under loan agreements;
 - reviewing disclosure requirements for commitments and contingencies;
 - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - reviewing unresolved differences between Management and the external auditors;
 - obtaining explanations of significant variances with comparative reporting periods; and
 - determining through inquiry if there are any related party transactions and ensuring that the nature and extent of such transactions are properly disclosed.
7. In addition to the review of financial statements and MD&A described above, review public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results, prospectuses, and if applicable, the annual information form) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Tidewater Renewables’ disclosure of all other financial information and will periodically assess the accuracy of those procedures.
8. With respect to the appointment of external auditors by the Board:
 - recommend to the Board the external auditors to be nominated;

- recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
 - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Company to determine the auditors' independence;
 - monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinions between management and the external auditor;
 - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
 - review and pre-approve any non-audit services to be provided to Tidewater Renewables or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.
9. Review with external auditors (and internal auditor if one is appointed by Tidewater Renewables) their assessment of the internal controls of Tidewater Renewables, their written reports containing recommendations for improvement, and Management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Tidewater Renewables and its subsidiaries.
10. Review risk management policies and procedures of the Company (i.e., hedging, litigation, third-party credit risk, insurance and cybersecurity). In this regard, the Committee shall:
- Regularly identify and review the principal business risks, including potential emerging risks, of the Company and the actions taken by the Company to mitigate the risks;
 - Regularly identify and review the principal financial risks and exposures of the Company, together with mitigating strategies, including physical and financial positions in commodities markets, derivatives strategies, capital commitments, foreign exchange exposures, and exposure to interest rate fluctuations, as well as non-financial risks and exposures including, but not limited to, risks relating to climate change, environmental and social elements;
 - Regularly review the policies and activities of the Company's treasury and marketing groups and the financial risks arising from those activities, including any proposed authorities of Management from the Board for the hedging of the exposures;
 - Review, and if desirable, recommend changes to the insurance program including coverage for property damage, business interruption and liabilities; and
 - Regularly review and identify information technology, information systems and cybersecurity risks of the Company.

11. Establish a procedure for:
 - the receipt, retention and treatment of complaints received by Tidewater Renewables regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of Tidewater Renewables of concerns regarding questionable accounting or auditing matters.
12. Review and approve Tidewater Renewables' hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of the Company.

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

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

Meetings and Administrative Matters

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote and in such cases, the undecided matter should be referred to the Board as a whole.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer of Tidewater Renewables will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.
5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Company and its subsidiaries and related corporate entities as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee. At each meeting, the Committee will meet, including with the external auditors, in camera without management present.
8. Minutes of the Committee will be recorded and maintained and circulated to Directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Company as determined by the Committee.
10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee each member will hold such office until the Committee is reconstituted.
11. Any issues arising from these meetings that bear on the relationship between the Board and Management should be communicated to the Chair of the Board by the Committee Chair.
12. In discharging its duties under this Mandate, the Committee may investigate any matter brought to its attention and will have access to all books, records, facilities and personnel, may conduct meetings or interview any officer or employee, the Company's legal counsel, external auditors and consultants and may invite any such persons to attend any part of any meeting of the Committee.

Appendix “C” — BOARD OF DIRECTORS’ MANDATE

General

The Board of Directors (the “**Board**”) of Tidewater Renewables Ltd. (the “**Company**” or “**Tidewater Renewables**”) is responsible for the stewardship of the Company. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Tidewater Renewables. In general terms, the Board will:

- in consultation with the chief executive officer of the Company (the “**CEO**”), define the principal objectives of Tidewater Renewables;
- supervise the management of the business and affairs of Tidewater Renewables with the goal of achieving Tidewater Renewables’ principal objectives as developed in association with the CEO;
- discharge the duties imposed on the Board by applicable laws; and
- for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Specific

Executive Team Responsibility

- Appoint the CEO and senior officers, approve their compensation, and monitor the CEO’s performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management’s responsibilities.
- Establish processes as required that adequately provides for succession planning, including the appointment, training and monitoring of senior management.
- Establish limits of authority delegated to management.

Operational Effectiveness and Financial Reporting

- Annual review and adoption of a strategic planning process and approval of Tidewater Renewables’ strategic plan, which takes into account, among other things, the opportunities and risks of the business.
- Establish or cause to be established systems to identify the principal risks to Tidewater Renewables and ensure that the best practical procedures are in place to monitor and mitigate the risks.
- Establish or cause to be established processes to address applicable regulatory, corporate, securities and other compliance matters.
- Establish or cause to be established an adequate system of internal control.

- Establish or cause to be established due diligence processes and appropriate controls with respect to applicable certification requirements regarding Tidewater Renewables' financial and other disclosure.
- Review and approve Tidewater Renewables' financial statements and oversee Tidewater Renewables' compliance with applicable audit, accounting and reporting requirements.
- Approve annual operating and capital budgets.
- Review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets.
- Review operating and financial performance results relative to established strategy, budgets and objectives.

Integrity/Corporate Conduct

- Establish a communications policy or policies to ensure that a system for corporate communications to all stakeholders exists, including processes for consistent, transparent, regular and timely public disclosure, and to facilitate feedback from stakeholders.
- Approve a Code of Business Conduct and Ethics (the "Code") for directors, officers, employees and contractors and monitor compliance with the Code and approve any waivers of the Code for officers and directors.
- To the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of the Company and that the CEO and other executive officers create a culture of integrity throughout Tidewater Renewables and demonstrate a commitment to conducting business ethically and legally and in a manner that is fiscally, environmentally and socially responsible.

Board Process/Effectiveness

- Attempt to ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to such meetings. Directors are expected to attend all meetings.
- Engage in the process of determining Board member qualifications with the Governance, Compensation, Safety and Sustainability Committee including ensuring that a majority of directors qualify as independent directors pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices (as implemented by the Canadian Securities Administrators and as amended from time to time) and that the appropriate number of independent directors are on each committee of the Board as required under applicable securities rules and requirements.
- Approve the nomination of directors.
- Provide a comprehensive orientation to each new director.
- Establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management.

- Establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members.
- Establish committees and approve their respective mandates and the limits of authority delegated to each committee.
- Review and re assess the adequacy of the mandate of the committees of the Board on a regular basis.
- Appoint members to committees and appoint the chairperson of each committee, having received the recommendation of the Governance, Compensation, Safety and Sustainability Committee. In this regard, consideration should be given to rotating committee members from time to time and to the special skills of particular directors.
- Review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.

Each member of the Board is expected to understand the nature and operations of Tidewater Renewables' business, and have an awareness of the political, economic and social trends prevailing in all countries or regions in which Tidewater Renewables operates, or is contemplating potential operations.

Independent directors shall meet regularly, and in no case less frequently than quarterly, without non independent directors and management participation.

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

In addition to the above, adherence to all other Board responsibilities as set forth in the Company's By Laws, applicable policies and practices and other statutory and regulatory obligations, such as issuance of securities, etc., is expected.

Delegation

- The Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board.
- Subject to terms of the Disclosure, Confidentiality and Trading Policy and other policies and procedures of Tidewater Renewables, the Chair of the Board will act as a liaison between stakeholders of Tidewater Renewables and the Board (including independent members of the Board).

CERTIFICATE OF THE ISSUER

Dated: July 21, 2021

This prospectus, together with the documents and information incorporated by reference, will, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, constitute, full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of each of the provinces of Canada.

(Signed) "*Joel A. MacLeod*"
Executive Chairman and Chief Executive Officer

(Signed) "*Joel K. Vorra*"
President and Chief Financial Officer

On behalf of the Board of
Directors of Tidewater
Renewables Ltd.

(Signed) "*Margaret Raymond*"
Director

(Signed) "*John Adams*"
Director

CERTIFICATE OF THE PROMOTER

Dated: July 21, 2021

This prospectus, together with the documents and information incorporated by reference, will, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, constitute, full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of each of the provinces of Canada.

TIDEWATER MIDSTREAM AND INFRASTRUCTURE LTD.

(Signed) "*Joel A. MacLeod*"
Executive Chairman and Chief Executive Officer

CERTIFICATE OF THE UNDERWRITERS

Dated: July 21, 2021

To the best of our knowledge, information and belief, this prospectus, together with the documents and information incorporated by reference, will, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of each of the provinces of Canada.

CIBC WORLD MARKETS INC.

(Signed) "*Chris Folan*"

NATIONAL BANK FINANCIAL INC.

(Signed) "*Ian Charles*"

ATB CAPITAL MARKETS INC.

(Signed) "*Patrick Stables*"

RBC DOMINION SECURITIES INC.

(Signed) "*Douglas Pearce*"

**ACUMEN CAPITAL
FINANCE PARTNERS
LIMITED**

(Signed) "*Kelly Hughes*"

**CANACCORD GENUITY
CORP.**

(Signed) "*Andrew D. Birkby*"

SCOTIA CAPITAL INC.

(Signed) "*David Baboneau*"

**STIFEL NICOLAUS
CANADA INC.**

(Signed) "*Nathan Trainor*"

TUDOR, PICKERING, HOLT & CO. SECURITIES – CANADA, ULC

(Signed) "*Derek Wheatley*"

**ECHELON WEALTH PARTNERS
INC.**

(Signed) "*Ryan Mooney*"

INFOR FINANCIAL INC.

(Signed) "*Ross Prokopy*"

PARADIGM CAPITAL INC.

(Signed) "*Jason Tucker*"