



Management's Discussion and Analysis
For the year ended December 31, 2023

March 13, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (the "MD&A") of the audited annual consolidated financial and operating results of Tidewater Renewables Ltd. ("Tidewater Renewables" or the "Corporation") is dated March 13, 2024, and should be read in conjunction with Tidewater Renewables' annual audited consolidated financial statements as at and for the year ended December 31, 2023, and 2022 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which represent generally accepted accounting principles ("GAAP"). This MD&A contains non-GAAP measures which are used to measure and analyze financial performance, financial position and cash flow and therefore may not be comparable to similar measures presented by other entities. This MD&A also contains forward-looking statements. Readers are cautioned that the MD&A should be read in conjunction with Tidewater Renewables' disclosure under "Non-GAAP and Other Financial Measures" and "Forward-Looking Information" included at the end of this MD&A. Unless otherwise indicated, referencing to "\$" or "dollars" are to Canadian dollars.

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

BUSINESS OVERVIEW

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

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

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

HIGHLIGHTS

- During the fourth quarter of 2023, Tidewater Renewables generated Adjusted EBITDA⁽¹⁾ of \$10.7 million and a net loss attributable to shareholders of \$12.7 million, inclusive of \$19.6 million of losses on derivative contracts. Net cash provided by operating activities totaled \$17.2 million, with distributable cash flow⁽¹⁾ of \$2.1 million.
- In the fourth quarter of 2023, Tidewater Renewables achieved a transformational milestone with the commencement of commercial operations at Canada's first standalone renewable diesel facility. The HDRD Complex reached its design capacity in early-December 2023 before encountering some initial operational challenges. The most significant of these challenges related to compressor failures, which the Corporation has since resolved. The HDRD Complex returned to design capacity production in late-February 2024. These operational issues impacted the HDRD Complex's daily throughput which averaged approximately 1,700 bbl/d, between the commencement of commercial operations and December 31, 2023.

Tidewater Renewables' primary focus is the maintenance of a high and consistent utilization rate at the HDRD Complex. The Corporation expects the HDRD Complex to run at design capacity (3,000 bbl/d) with industry standard refinery reliability go-forward. Despite the operational challenges the HDRD Complex is expected to achieve a utilization rate of approximately 65% in the first quarter of 2024. Accordingly, the Corporation has secured purchasers for the HDRD Complex's operating emission credit production through the second quarter of 2024.

- In 2023, Tidewater Renewables completed a feasibility assessment for an expansion of its renewable fuel facilities in British Columbia. In the first quarter of 2024, Tidewater Renewables and Tidewater Midstream entered into a joint development agreement related to a new 6,500 bbl/d renewable diesel and sustainable aviation fuel ("SAF") project, whereby both parties have the right to participate in up to 50% of the project upon a final investment decision. The SAF facility is expected to leverage many of the same processes used in the operating HDRD Complex.

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

- The Corporation is pleased to welcome Mr. Jeffery Hamilton to its Board of Directors. Mr. Hamilton brings over 25 years of experience as a business leader and strategic advisor to Tidewater Renewables, with previous roles including senior leadership positions at Bank of America Securities (Head, Investment Banking - Canada) and J.P. Morgan (Head, Energy & Power Investment Banking – Asia Pacific). He is currently the Founder and CEO of Longwing Capital Advisors, where he provides strategic and financial advisory services to businesses focused on energy, clean-tech, and renewables. Mr. Hamilton holds an MBA from Columbia Business School and a Juris Doctor from the University of Toronto, Faculty of Law.
- On March 13, 2024, Jeremy Baines was appointed as Chairman of Tidewater Renewables' Board of Directors.

(1) Adjusted EBITDA, distributable cash flow, distributable cash flow per share, run rate EBITDA and net debt used throughout this MD&A are non-GAAP financial measures or ratios. See the "Non-GAAP and Other Financial Measures" section of this MD&A for information on each non-GAAP financial measure or ratio.

FINANCIAL HIGHLIGHTS

<i>(in thousands of Canadian dollars except per share information)</i>	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 40,376	\$ 19,422	\$ 97,679	\$ 76,099
Net income (loss) attributable to shareholders	\$ (12,747)	\$ 14,132	\$ (41,019)	\$ 25,942
Basic net income (loss) attributable to shareholders per share	\$ (0.37)	\$ 0.41	\$ (1.18)	\$ 0.75
Diluted net income (loss) attributable to shareholders per share	\$ (0.37)	\$ 0.40	\$ (1.18)	\$ 0.74
Adjusted EBITDA ⁽¹⁾	\$ 10,708	\$ 16,717	\$ 45,941	\$ 62,440
Net cash provided by operating activities	\$ 17,161	\$ 29,095	\$ 22,784	\$ 67,444
Distributable cash flow ⁽¹⁾	\$ 2,142	\$ 9,433	\$ 2,747	\$ 38,060
Distributable cash flow per common share – basic ⁽¹⁾	\$ 0.06	\$ 0.27	\$ 0.08	\$ 1.10
Distributable cash flow per common share – diluted ⁽¹⁾	\$ 0.06	\$ 0.27	\$ 0.08	\$ 1.09
Total common shares outstanding (000s)	34,763	34,719	34,763	34,719
Total assets	\$ 1,086,698	\$ 993,321	\$ 1,086,698	\$ 993,321
Net debt ⁽¹⁾	\$ 346,644	\$ 211,232	\$ 346,644	\$ 211,232

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

RESULTS OF OPERATIONS

Financial Overview

<i>(in thousands of Canadian dollars except per share information)</i>	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 40,376	\$ 19,422	\$ 97,679	\$ 76,099
Operating expenses	\$ 26,661	\$ 7,970	\$ 53,629	\$ 29,971
General and administrative	\$ 3,369	\$ 1,590	\$ 9,634	\$ 5,834
Share-based compensation	\$ 903	\$ 740	\$ 4,811	\$ 3,217
Depreciation	\$ 9,454	\$ 5,062	\$ 25,587	\$ 19,443
Finance costs and other	\$ 4,440	\$ 2,666	\$ 21,009	\$ 7,547
Realized loss (gain) on derivative contracts	\$ 6,636	\$ (5,706)	\$ 3,331	\$ (19,488)
Unrealized loss (gain) on derivative contracts	\$ 12,952	\$ (13,213)	\$ 53,350	\$ (9,071)
Loss (gain) on warrant liability revaluation	\$ (1,090)	\$ 1,995	\$ (9,250)	\$ 1,995
Income (loss) from equity investment	\$ (2,580)	\$ (1,890)	\$ 680	\$ 221
Transaction costs	\$ -	\$ 304	\$ 111	\$ 964
Deferred income tax expense (recovery)	\$ (12,782)	\$ 5,982	\$ (22,834)	\$ 9,966
Net income (loss) attributable to shareholders	\$ (12,747)	\$ 14,132	\$ (41,019)	\$ 25,942
Basic net income (loss) attributable to shareholders per share	\$ (0.37)	\$ 0.41	\$ (1.18)	\$ 0.75
Diluted net income (loss) attributable to shareholders per share	\$ (0.37)	\$ 0.40	\$ (1.18)	\$ 0.74

Revenue

Revenue increased to \$40.4 million in the fourth quarter of 2023 compared to \$19.4 million in the fourth quarter of 2022. Revenue for the year ended December 31, 2023, was \$97.7 million compared to \$76.1 million for the year ended December 31, 2022. The increases are attributable to the commencement of operations at the HDRD Complex and higher co-processing throughput.

Operating Expenses

Operating expenses for the fourth quarter of 2023 were \$26.7 million, compared to \$8.0 million for the fourth quarter of 2022, with the increase being attributable to commencement of operations at the HDRD Complex. Operating expenses for the year ended December 31, 2023, were \$53.6 million compared to \$30.0 million for the year ended December 31, 2022. The increase is the result of operations at the HDRD Complex, higher co-processing throughput, non-recurring feedstock scheduling costs and additional feedstock marketing costs.

General and Administrative

General and administrative (“G&A”) expenses for the fourth quarter of 2023 were \$3.4 million compared to \$1.6 million for the fourth quarter of 2022. G&A expenses for the year ended December 31, 2023, were \$9.6 million compared to \$5.8 million for the year ended December 31, 2022. The increase is attributable to higher charges under the shared services agreement with Tidewater Midstream and increased employee costs as the Corporation prepares to operate the HDRD Complex and employee severance costs.

Share-Based Compensation

The Corporation incurred share-based compensation expenses of \$0.9 million for the fourth quarter of 2023, compared to \$0.7 million for the fourth quarter of 2022. Share-based compensation expenses for the year ended December 31, 2023, were \$4.8 million compared to \$3.2 million for the year ended December 31, 2022. The increase is attributable to issuances of additional share awards.

Depreciation

Depreciation for the three months ended December 31, 2023, was \$9.5 million compared to \$5.1 million for the three months ended December 31, 2022. Depreciation for the year ended December 31, 2023, was \$25.6 million compared to \$19.4 million for the year ended December 31, 2022. The increase is primarily attributable to property, plant and equipment additions including the HDRD Complex and turnaround expenditures.

Depreciation relates to the Corporation’s property, plant and equipment, and right-of-use assets. Assets under construction are not depreciated until they commence operations.

Finance Costs and Other

Finance costs and other for the fourth quarter of 2023 were \$4.4 million compared to \$2.7 million for the fourth quarter of 2022. Finance costs and other for the year ended December 31, 2023, were \$21.0 million compared to \$7.5 million for the year ended December 31, 2022. The increase is attributable to draws on the Corporation’s debt facilities to fund the commissioning of the HDRD Complex and increasing interest rates.

Finance costs and other include interest on the Corporation's bank debt as well as other non-cash interest charges. Non-cash interest expenses include unrealized foreign exchange losses, revaluation of capital emissions credits and accretion expenses on the Corporation's decommissioning obligations, lease liabilities and financing costs.

Realized Gains or Losses on Derivative Contracts

The Corporation uses forward financial contracts to protect operating income against volatility in commodity prices. For the three months ended December 31, 2023, the Corporation recognized a \$6.6 million realized loss, compared to a gain of \$5.7 million for the three months ended December 31, 2022. The realized loss for the year ended December 31, 2023, was \$3.3 million compared to a realized gain of \$19.5 million during the year ended December 31, 2022. The realized losses on derivative contracts relate to lower average commodity prices for soybean oils in 2023. Generally, realized gains and losses on derivative contracts resulting from fluctuations in feedstock and energy prices are largely offset by an inverse gain or loss on physical product purchases and sales.

Unrealized Gains or Losses on Derivative Contracts

The Corporation recognized a non-cash unrealized loss of \$13.0 million for the three months ended December 31, 2023, compared to an unrealized gain of \$13.2 million for the three months ended December 31, 2022, when adjusting the commodity contracts to their fair value. Unrealized losses on derivative contracts for the year ended December 31, 2023, were \$53.4 million compared to an unrealized gain of \$9.1 million for the year ended December 31, 2022. The increased unrealized loss is due significant volatility in the Chicago Board of Trade ("CBOT") soybean oil futures market.

The profitability of producing renewable diesel largely depends on the spread between prices for feedstocks and renewable diesel, including emission credits, each of which is subject to fluctuations due to market factors and each of which is not significantly correlated. Adverse price movements for these commodities directly affect the Corporation's operating results. Through its risk management policies, the Corporation manages exposure by entering into risk management contracts that mitigate the impact on its margins from price volatility in feedstocks and renewable diesel, however there is no established derivative market for renewable diesel or spreads (the New York Mercantile Exchange NY Harbor ULSD is the most liquid tradable proxy for renewable diesel). The Corporation utilizes forward financial contracts based on the CBOT soybean oil market to risk manage, or lock in, the cost of portions of its future feedstock requirements generally for varying periods up to two years.

The Corporation has entered into forward financial contracts for vegetable oils and refined products to manage the commodity price risk related to its co-processing and renewable diesel operations.

The fair value of the net derivative contract asset or liability is the estimated value to settle the outstanding contracts at a point in time. Accordingly, the unrealized gains or losses on these financial instruments are recorded directly to the statement of net income and comprehensive income and can fluctuate materially quarter-over-quarter with price volatility. Unrealized gains and losses on derivative contracts do not impact net cash provided by operating activities or distributable cash flow. Actual gains or losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices as compared to the valuation assumptions. The Corporation will have unrealized gains or losses on derivative financial instruments that are conversely offset by losses or gains on forward fixed-price physical contracts on feedstocks and renewable diesel. Gains and losses on derivative contracts are recognized each period in operating results while corresponding unrealized gains and losses on physical contracts are generally not recognized until quantities are delivered or title transfers which may be in the same or later periods. The Corporation's results of operations are impacted when there is a period mismatch of recognized gains or losses associated with the change in fair value of derivative contracts used for risk management purposes at the end of the reporting period but the purchase or sale of feedstocks or renewable diesel has not yet occurred and thus the offsetting gain or loss will be recognized in a later accounting period.

Gains and Loss on Warrant Liability Revaluation

On October 24, 2022, in conjunction with entering into of the Term Debt Facility, the Corporation issued 3.4 million warrants. Each warrant entitles the holder to purchase one common share for a term of five years. Due to their exercise features the warrants are measured at fair value at each reporting period.

When adjusting the warrants to their fair value on December 31, 2023, the Corporation recognized non-cash revaluation gains of \$1.1 million and \$9.3 million for the three months and year ended December 31, 2023, respectively. A revaluation loss of \$2.0 million was recognized during the three months and year ended December 31, 2022. The revaluation gain is due to the Corporation's lower closing share price and the shorter period to expiry.

Income or Loss from Equity Investments

During the fourth quarter of 2023, the Corporation's investment in Rimrock Cattle Company Ltd. ("RCC") incurred a loss of \$2.6 million compared to \$1.9 million for the fourth quarter of 2022. Equity income for the year ended December 31, 2023, was \$0.7 million compared to \$0.2 million for the year ended December 31, 2022.

The Corporation has entered into a feedstock supply agreement with RCC that is expected to provide a significant source of feedstock to the Corporation's RNG Facility once operational.

Deferred Income Tax Expense (Recovery)

For the three months ended December 31, 2023, the Corporation recognized a deferred income tax recovery of \$12.8 million, compared to a deferred tax expense of \$6.0 million for the three months ended December 31, 2022. During the year ended December 31, 2023, the deferred income tax recovery was \$22.8 million, compared to an expense of \$10.0 million in 2022. The recovery is attributable to the net loss before tax for the three months and year ended December 31, 2023, and a change in the Corporation's blended tax rate.

Net Income and Loss Attributable to Shareholders

During the fourth quarter of 2023, the Corporation incurred a net loss attributable to shareholders of \$12.7 million, compared to net income attributable to shareholders of \$14.1 million for the same period of 2022. The decrease is primarily the result of realized and unrealized losses on derivative contracts offset by a deferred income tax recovery during the fourth quarter of 2023, compared to 2022.

During the year ended December 31, 2023, the Corporation incurred a net loss attributable to shareholders of \$41.0 million, compared to net income attributable to shareholders of \$25.9 million for the year ended December 31, 2022. The decrease is primarily the result of realized and unrealized losses on derivative contracts and higher finance costs offset by a deferred income tax recovery during 2023, compared to 2022.

OUTLOOK AND CORPORATE UPDATE

Tidewater Renewables' primary focus is the maintenance of a high and consistent utilization rate at the HDRD Complex. The Corporation expects the HDRD Complex to achieve an average 2024 throughput of 2,400 – 2,600 bbl/d, inclusive of an expected average throughput of 1,800 – 2,000 bbl/d in the first quarter of 2024. During 2024, the Corporation also expects to optimize the HDRD Complex's operating costs, extend or replace its senior credit facility and progress engineering design on its announced SAF project.

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

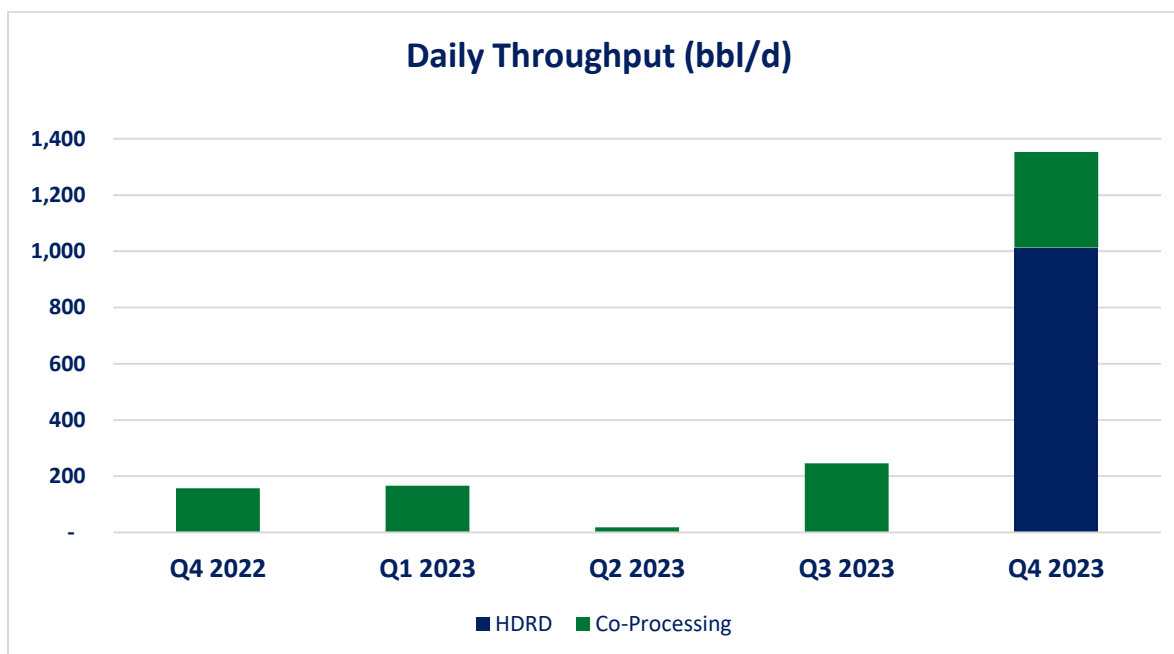
The Corporation continues to see strong industry fundamentals in North America, including strong demand for renewable fuels and emissions credits. This demand is supported by escalating compliance requirements and voluntary environmental commitments. Tidewater Renewables continues to work with various counterparties to satisfy their fuel compliance requirements, achieve their ESG commitments and meet their energy needs.

HDRD Complex and Renewable Fuel Assets

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

The HDRD Complex's pre-treatment facility enhances the renewable fuel assets' flexibility to utilize a wide variety of feedstocks. This flexibility reduces the renewable fuel assets' dependency on specific feedstocks and optimizes refining costs. The Corporation has entered financial forward contracts for vegetable oils and refined products to minimize commodity price exposure and protect its cash flows.

Tidewater Renewables' renewable fuels assets' daily throughputs were as follows, of which the HDRD Complex and Co-Processing units averaged 1,013 bbl/d (1,695 bbl/d from November 7, 2023 – December 31, 2023) and 340 bbl/d, respectively in the fourth quarter of 2023.



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

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

Renewable Natural Gas Assets

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

The Corporation partnered with Rimrock RNG Inc. ("Rimrock") to develop the RNG Facility in Foothills County, Alberta. The facility will utilize Tidewater Renewables' natural gas processing and marketing experience along with Rimrock's access to feedstocks. The RNG Partnership has a 20-year offtake agreement with FortisBC to purchase all the RNG production from the facility. Tidewater Renewables is advancing the facility's engineering design and regulatory applications.

On December 14, 2023, the Corporation announced that it received provincial approval under the Environmental Protection and Enhancement Act for the proposed Renewable Natural Gas Facility. The Corporation is continuing to progress commercial and regulatory processes with respect to the RNG Facility, though the final investment on the RNG Facility remains subject to municipal land use approvals, commercial arrangements and final engineering and cost estimates.

Feedstock Supply and Marketing

Tidewater Renewables is utilizing its early presence in the Canadian renewable fuels market, coupled with its logistics capacity and asset base, to establish itself as a leader in Canadian renewable feedstock marketing. Tidewater Renewables is also organically expanding its used cooking oil collection business, with the intent of providing feedstock for the HDRD Complex or for sale to external counterparties. The Corporation continues to have discussions with counterparties on potential partnerships or commercial arrangements to secure feedstock supply.

CAPITAL PROGRAM

The Corporation has safely completed an active year of capital investment including the construction and commissioning on its HDRD Complex and the PGR maintenance turnaround.

Tidewater Renewables 2023 growth capital program was focused on the construction and commissioning of the HDRD Complex. Net capital costs for the HDRD Complex are expected to be approximately \$195 million, inclusive of the capital emission credits expected to be received. The Corporation expects that its 2024 growth capital program will focus on methodically advancing engineering designs and securing regulatory approvals within its project pipeline. This development work is expected to be primarily funded through capital emissions credits issued by government entities.

Tidewater Renewables 2023 maintenance capital program totaled \$15.3 million and included the four-year turnaround of its working interest assets at the PGR. The Corporation expects to execute a 2024 maintenance capital program of approximately \$7.0 million. This program includes upgrades to the Corporation's working interest assets at the PGR and debottlenecking of the HDRD Complex.

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

SELECTED ANNUAL INFORMATION

The following table presents selected annual financial information for Tidewater Renewables:

<i>(In thousands of Canadian dollars, except per share information)</i>	Year ended December 31,		
	2023	2022	2021 ⁽¹⁾
Revenue	\$ 97,679	\$ 76,099	\$ 23,055
Net income (loss) attributable to shareholders	(41,019)	25,942	2,763
Net income (loss) per share attributable to shareholders – basic	(1.18)	0.75	0.14
Net income (loss) per share attributable to shareholders – diluted	(1.18)	0.74	0.14
Weighted average common shares outstanding - basic	34,731	34,712	19,901
Weighted average common shares outstanding - diluted	34,731	34,888	19,901
Total assets	1,086,698	993,321	730,992
Total non-current liabilities	279,678	361,585	208,081

(1) The comparable period presented is from the date of incorporation, May 11, 2021, to December 31, 2021.

SUMMARY OF QUARTERLY RESULTS

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

<i>(In thousands of Canadian dollars, except per share information)</i>	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Revenue	\$ 40,376	\$ 24,244	\$ 13,163	\$ 19,896
Net income (loss) attributable to shareholders	(12,747)	(9,449)	2,654	(21,477)
Net income (loss) per share attributable to shareholders – basic	(0.37)	(0.27)	0.08	(0.62)
Net income (loss) per share attributable to shareholders – diluted	(0.37)	(0.27)	0.07	(0.62)
Adjusted EBITDA ⁽¹⁾	\$ 10,708	\$ 14,531	\$ 8,067	\$ 12,635

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

<i>(In thousands of Canadian dollars, except per share information)</i>	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	\$ 19,422	\$ 19,697	\$ 19,730	\$ 17,250
Net income (loss) attributable to shareholders	14,132	(10,067)	4,363	17,514
Net income (loss) per share attributable to shareholders – basic	0.41	(0.29)	0.13	0.50
Net income (loss) per share attributable to shareholders – diluted	0.40	(0.29)	0.13	0.50
Adjusted EBITDA ⁽¹⁾	\$ 16,717	\$ 16,084	\$ 16,902	\$ 12,737

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

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

- volatility in unrealized gains and losses on derivative contracts as a result of price movement in the commodities hedged by the Corporation;
- global inflation and supply chain disruptions impacting capital projects costs;
- escalating emissions targets supporting demand for emissions credits;
- turnaround at PGR, reducing throughput and increasing maintenance capital during Q2 2023; and
- higher finance costs relating to the costs associated with the construction of the HDRD Complex and rising interest rates.

During 2022, Tidewater Renewables' results were impacted by the following factors and trends:

- volatility in unrealized gains and losses on derivative contracts as a result of the movement in the commodities hedged by the Corporation;
- increasing prices for refined products and BC LCFS credits; and
- higher finance costs relating to the costs associated with the construction of the HDRD Complex and rising interest rates.

LIQUIDITY AND CAPITAL RESOURCES

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

Tidewater Renewables is currently working with its capital providers to extend or replace its Senior Credit Facility and the Additional Debt Capacity under the Term Debt Facility have a maturity date of August 18, 2024. In the event, that the Senior Credit Facility is not extended alternative sources of funding will be necessary. There can be no assurances that Tidewater Renewables' Senior Credit Facility will be extended beyond the August 18, 2024, maturity date.

Tidewater Renewables anticipates that its net cash from operating activities, cash flow from growth projects, funds from its Senior Credit Facility and Term Debt Facility, proceeds from the sale of capital emissions credits, and other financing sources (including equity financing if necessary) will be sufficient to fulfill its financial commitments, obligations, and anticipated capital expenditures, as they become due; however, economic uncertainties, operational issues with the HDRD Complex, or other unexpected operational difficulties could pose liquidity and financial obligation risks to the Corporation.

Contractual Obligations

The Corporation had the following contractual obligations as at December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Less than one year	Greater than one year	Less than one year	Greater than one year
<i>(in thousands of Canadian dollars)</i>				
Accounts payables and accrued liabilities ⁽¹⁾	\$ 43,279	\$ -	\$ 55,299	\$ -
Warrant liability	3,195	-	12,445	-
Derivative contracts	27,299	18,836	7,739	8,733
Lease liabilities ⁽²⁾	6,832	13,009	6,312	17,457
Bank debt ⁽³⁾	171,749	-	-	72,611
Term debt ⁽³⁾	25,000	150,000	-	150,000
	\$ 277,354	\$ 181,845	\$ 81,795	\$ 248,801

(1) Amount excludes provisions of \$18.5 million (2022 - \$NIL) expected to be settled in 2024.

(2) Amounts represent the expected undiscounted cash payments related to leases.

(3) Amounts represent undiscounted principal only and exclude accrued interest.

Debt Borrowings

The following table summarizes Tidewater Renewables' credit facility and term debt outstanding as at December 31, 2023:

<i>(in thousands of Canadian dollars)</i>	Maturity Date	Rate	Facility Amount	Amount Drawn
Senior Credit Facility	August 18, 2024	variable	\$ 175,000	\$ 171,749
Term Debt Facility	October 24, 2027	variable	175,000	175,000
Total			\$ 350,000	\$ 346,749

The Corporation has a revolving credit facility (the "Senior Credit Facility") with a syndicate of banks. The Senior Credit Facility can be drawn in either Canadian or U.S. funds and bears interest at the agent bank's prime lending rate or banker's acceptance rates, plus applicable margins. The Corporation also has a \$175 million senior secured second lien credit facility with an Alberta based pension fund (the "Term Debt Facility"). The Term Debt Facility was drawn down by way of two advances. On October 24, 2022, \$150 million was advanced (the "Original Principal Amount") and an additional \$25 million (the "Additional Debt Capacity") was advanced on May 10, 2023.

Tidewater Renewables' quarterly financial covenants were waived as at September 30, 2023. On December 20, 2023, the Corporation obtained an additional waiver for its December 31, 2023, quarterly financial covenants. Beginning on January 1, 2024, Tidewater Renewables will be required to maintain certain quarterly financial covenants on an annualized basis. The first calculation will be based on results from January 1, 2024, to March 31, 2024. The calculations for each of these ratios are based on specific definitions in the agreements governing the Senior Credit Facility and Term Debt Facility, are not in accordance with GAAP, and cannot be easily calculated by referring to the Corporation's financial statements. The upcoming financial covenants are as follows:

	Ratio
Consolidated debt ⁽¹⁾ to adjusted EBITDA (annualized)	Max 4.00:1.00
Consolidated first lien ⁽²⁾ senior debt to adjusted EBITDA (annualized)	Max 3.00:1.00
Adjusted EBITDA to interest coverage (annualized)	Min 2.50:1.00

(1) Consolidated debt includes the Senior Credit Facility and the Term Debt Facility.

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

The Term Debt Facility bore interest at 9.5% per annum. Beginning on January 1, 2024, the base interest rate reverts to 6.7% for the Original Principal Amount and remains at 9.5% for any amounts outstanding under the Additional Debt Capacity. The \$25.0 million of Additional Debt Capacity matures on August 18, 2024, and will be extended to a maximum of August 18, 2025, in the event of an extension of the Senior Credit Facility. The \$25.0 million of Additional Debt Capacity is also subject to variable quarterly repayments. The variable repayments are based on a portion of the Corporation's adjusted cash flows. The calculation of these adjusted cash flows is based on specific definitions in the agreements governing the Term Debt Facility, are not in accordance with GAAP, and cannot be easily calculated by referring to the Corporation's financial statements.

Other Capital Resources

The Corporation has entered into certain agreements with government entities under which it is awarded capital emissions credits for achieving construction and commissioning milestones on its projects. The Corporation has executed forward sale agreements with third parties for a portion of the remaining credits to be issued. The table below summarizes the expected proceeds from the sale of capital emissions credits under executed forward agreements:

<i>(in thousands of Canadian dollars)</i>		
Proceeds expected in the first quarter of 2024	\$	21,587
Proceeds expected in the remainder of 2024		20,025
Expected proceeds from sale of capital emissions credits under executed agreements	\$	41,612

Included in the expected proceeds from sale of capital emissions credits under executed agreements is \$14.1 million of capital emissions credits related to the Corporation's SAF facility FEED. Tidewater Renewables anticipates the receipt of an additional \$6.7 million in 2024 for the sale of capital emissions credits not under executed agreements.

Cash Flow Summary

The following table summarizes the Corporation's sources and uses of funds for the three months and years ended December 31, 2023, and 2022 from continuing operations:

Cash flows provided by (used in) (in thousands of Canadian dollars)	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Operating activities	\$ 17,161	\$ 29,095	\$ 22,784	\$ 67,444
Financing activities	\$ 7,064	\$ 81,797	\$ 101,979	\$ 137,408
Investing activities	\$ (24,416)	\$ (100,895)	\$ (136,037)	\$ (194,495)

Net Cash Provided by Operating Activities

Net cash provided by operating activities was \$17.2 million for the three months ended December 31, 2023, compared to \$29.1 million for the three months ended December 31, 2022. The increase is attributable to realized hedge losses in the fourth quarter of 2023, compared to realized hedging gains in the fourth quarter of 2022.

Net cash provided by operating activities for the year ended December 31, 2023, was \$22.8 million, compared to \$67.4 million for the year ended December 31, 2022. The decrease is primarily attributable to realized hedging losses in 2024 and changes in non-cash working capital.

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

Net Cash Provided by Financing Activities

Net cash provided by financing activities was \$7.1 million for the three months ended December 31, 2023, compared to \$81.8 million for the three months ended December 31, 2022. The decrease relates to issuance of the Term Debt in the fourth quarter of 2022.

Net cash provided by financing activities for the year ended December 31, 2023, was \$102.0 million compared to \$137.4 million for the year ended December 31, 2022. The decrease relates to lower draws on the Corporation's debt facilities and higher finance costs.

Net Cash Used in Investing Activities

Net cash used in investing activities was \$24.4 million for the three months ended December 31, 2023, compared to \$100.9 million for the three months ended December 31, 2022. The decrease relates to the completion of the HDRD Complex's construction and commissioning.

Net cash used in investing activities for the year ended December 31, 2023, was \$136.0 million, compared to \$194.5 million for the year ended December 31, 2022. The reduction relates to lower capital expenditures on the HDRD Complex and increased proceeds from capital emissions credits, offset by capital expenditures incurred for the PGR turnaround program that occurred in 2023.

Capital Expenditures

The following table summarizes acquisitions, growth capital and maintenance capital expenditures for the three months and years ended December 31, 2023 and 2022:

(in thousands of Canadian dollars)	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Growth capital ⁽¹⁾	\$ 31,411	\$ 73,477	\$ 187,496	\$ 232,573
Maintenance capital ⁽¹⁾	251	3,354	15,312	12,003
Total additions to property, plant and equipment as per statement of cash flows	\$ 31,662	\$ 76,831	\$ 202,808	\$ 244,576

(1) Refer to supplementary financial measures. See the "Non-GAAP and Other Financial Measures" section of this MD&A.

Growth Capital

Growth capital expenditures for the three months ended December 31, 2023, were \$31.4 million compared to \$73.5 million for the fourth quarter of 2022. During the year ended December 31, 2023, growth capital expenditures were \$187.5 million compared to \$232.6 million for the year ended December 31, 2022. Tidewater Renewables' 2023 and 2022 growth capital relates to the construction and commissioning of the HDRD Complex. These expenditures were partially offset by funds received from the sale of capital emissions credits awarded by government entities for achieving milestones under executed incentive agreements.

Maintenance Capital

Tidewater Renewables places a high priority on the maintenance and upgrading of its assets to provide safe operating conditions for its employees and reliable services to its customers. Maintenance capital expenditures for the three months and year ended December 31, 2023, were \$0.3 million compared to \$3.4 million for the fourth quarter of 2022. During the year ended December 31, 2023, maintenance capital expenditures were \$15.3 million compared to \$12.0 million for the year ended December 31, 2022. The increase in maintenance capital expenditures were attributable to the PGR turnaround program and improvements to the utilities infrastructure, rail rack and tank farm.

CONTRACTUAL LIABILITIES AND COMMITMENTS

At December 31, 2023, the Corporation had commitments related to leased (right-of-use) assets and long-term debt. Lease liabilities relate to railcars and equipment leases. The Corporation had the following contractual obligations and commitments, including those recognized as leases, as at December 31, 2023:

(in thousands of Canadian dollars)	Within one year	After one year but not greater than five years	Greater than five years	Total
Lease liabilities	\$ 6,832	\$ 13,009	\$ -	\$ 19,841
Bank debt ⁽¹⁾	171,749	-	-	171,749
Term debt ⁽¹⁾	25,000	150,000	-	175,000
Total	\$ 203,581	\$ 163,009	\$ -	\$ 366,590

(1) The Corporation's Senior Credit Facility is due August 18, 2024 and the Term Debt Facility is due on October 24, 2027.

Off Balance Sheet Arrangements

At December 31, 2023, the Corporation did not have any guarantees or off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Corporation's financial performance or condition, results of operations, liquidity or capital expenditures.

OUTSTANDING EQUITY

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

<i>(In thousands)</i>	
Common shares	34,799
RSUs	972
DSUs	60
Options	578
Warrants	3,375

TRANSACTIONS WITH RELATED PARTY

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

Related party transactions included in the consolidated statements of net income (loss) and comprehensive income (loss) for the years ended December 31, 2023 and 2022, are summarized in the following table:

	Notes	Year ended December 31,	
		2023	2022
Revenue from take-or-pay agreements	(i)	\$ 47,945	\$ 50,491
Revenue from the sale of renewable fuels	(ii)	\$ 38,580	\$ 21,165
Operating expense	(iii)	\$ 22,997	\$ 25,125
G&A Expenses under the shared services agreement	(iv)	\$ 3,150	\$ 2,016
Realized loss (gain) on derivative contracts	(v)	\$ 941	\$ (8,758)
Unrealized gain on derivative contracts	(v)	\$ (6,869)	\$ (28,214)

Related party transactions included in the consolidated statement of cash flow for the years ended December 31, 2023 and 2022, are summarized in the following table:

	Notes	Year ended December 31,	
		2023	2022
Lease payments	(vi)	\$ 125	\$ -
Capital emissions credit sales	(vii)	\$ 4,600	\$ -

(i) Take-or-pay agreements

On August 18, 2021, the Corporation and Tidewater Midstream entered into various take-or-pay agreements. Pursuant to the take-or-pay agreements, the Corporation has agreed to deliver a prescribed capacity and/or related services in connection with certain assets in which Tidewater Midstream has a beneficial ownership interest in at the Prince George refinery and at the Corporation's renewable gas storage asset. The take-or-pay volume commitments shall include annual and monthly capacity commitments, in exchange for a fixed fee paid by Tidewater Midstream.

(ii) Renewable refined product sales agreements

The Corporation has entered into various short-term agreements to sell its renewable refined product production to Tidewater Midstream. Pricing under these agreements is determined by reference to the market information for similar products and is agreed to by both parties.

(iii) Operating expenses

Operating expenses consist of flow-through operating expenses, feedstock purchases and conventional refined product purchases. Flow-through operating expenses are related to working interest assets owned by the Corporation and operated by Tidewater Midstream, these operating costs are flowed-through on a cost recovery basis. Feedstock purchases relate to the Corporation's co-processing assets and are flowed-through on a cost recovery basis. Conventional refined product purchases relate to conventional fuels purchased from Tidewater Midstream under short-term contracts to provide its customers with blended fuels.

(iv) Shared services agreement

The Corporation and Tidewater Midstream have a Shared Services Agreement, whereby, Tidewater Midstream has agreed to provide certain administrative services to the Corporation at cost plus 5%, and reimbursement of associated out-of-pocket costs and expenses. The Shared Services Agreement will remain in effect until August 2026, subject to earlier termination or extension upon mutual agreement by the parties.

(v) Derivative contracts

Tidewater Midstream has entered into various commodity hedging agreements with financial institutions on behalf of the Corporation. Gains or losses on these hedging arrangements are flow-through to Tidewater Renewables.

(vi) Lease payments

During the year ended December 31, 2023, the Corporation entered a five-year lease agreement with Tidewater Midstream for a feedstock collection warehouse.

(vii) Sale of capital emissions credits

During the year ended December 31, 2023, the Corporation completed a block sale of capital emissions credits with Tidewater Midstream for proceeds of \$4.6 million.

The related party balances included in the consolidated statement of financial position as at December 31, 2023 and 2022, are summarized in the following table:

	Notes	As at December 31,	
		2023	2022
Accounts receivable		\$ 5,522	\$ 1,795
Prepaid expenses and other	(i)	\$ 3,900	\$ -
Accounts payables, accrued liabilities and provisions		\$ (6,144)	\$ (10,094)
Derivative contracts		\$ (5,988)	\$ 881
Lease liabilities		\$ (442)	\$ -

(i) Prepaid expense and other

Prepaid expenses and other relate to a payment made during the year ended December 31, 2023, to Tidewater Midstream for the future settlement of emissions liabilities on behalf of the Corporation.

For the three months and year ended December 31, 2023, Tidewater Renewables had no other transactions with related parties, except those pertaining to its contributions to Tidewater Renewables' long-term incentive plans and remuneration of key management personnel in the ordinary course of their employment.

FINANCIAL INSTRUMENTS

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

The majority of Tidewater Renewables' accounts receivable (and cash flow) are due from Tidewater Midstream. Revenue earned from Tidewater Midstream for the three months and year ended December 31, 2023, were \$36.0 million and \$86.5 million, respectively. The Corporation believes the credit risk associated with Tidewater Midstream is minimal.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

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

1. producing renewable fuels that have significantly reduced CI relative to conventional fossil fuels by more than 80%, and over 100% in the case of some organic waste products (which would have otherwise escaped into the environment, are instead captured, processed and converted into energy, thus receiving a credit for having not been released into the environment);
2. building a feedstock strategy focused on inedible and waste-stream oils such as animal fats, used cooking oil and distiller corn oil;
3. having an experienced and diverse Board, of which 25% of Directors are women and a majority of Directors are considered independent within the meaning of applicable Canadian securities laws;
4. having an experienced and diverse executive team, of which 25% are women, and an experienced and diverse non-executive team, of which 30% are women;
5. supporting its female led wholly-owned subsidiary, Eco Dine Ltd., of which 32% of all employees are women;

6. sharing resources and expenses through the Shared Services Agreement with Tidewater Midstream that provides Tidewater Renewables with experience and knowledge regarding health and safety practices and human capital management — which includes an ESG committee that meets on a bi-weekly basis to review ESG priorities and plans;
7. as part of its commitment to creating an inclusive and equitable place to work, completing a gender pay equity analysis during the first quarter of 2023. The Corporation will be conducting this type of analysis on a yearly basis as part of the annual compensation review and its recruitment process;
8. focusing on socially conscious commerce, community engagement with all local stakeholders and deepening of community relations through various events and corporate sponsorships; and
9. focusing on targeted donation and volunteering aimed at organizations that are aligned with the Corporation's values of supporting mental health, children, youth and first and second-generation immigrants.

Governmental Regulation

Tidewater Renewables is excited to contribute to Canada's climate change success by playing a role in the energy transition. Tidewater Renewables strives to diversify the energy mix by moving away from fossil fuels, while ensuring compatibility with traditional energy infrastructure. This compatibility aims to deliver an affordable and flexible energy transition.

As with other energy producers, Tidewater Renewables' assets and growth projects are subject to federal, provincial and local regulations and permitting requirements, regarding air quality, solid waste and water quality. Among other things, the environmental regulatory regime provides restrictions and prohibitions on releases or emissions of various substances produced in association with energy industry operations. Tidewater Renewables does not believe that these regulations impact its operations in a manner materially different from other comparable businesses operating in the same jurisdictions.

Environmental regulation affects the operation of facilities and limits the extent to which facility expansion is permitted. In addition, legislation requires that facility sites be abandoned and reclaimed to the satisfaction of provincial authorities and local landowners. A breach of such legislation may result in the imposition of fines, the issuance of clean-up orders or the shutting down of facilities and pipelines. For further details, please see the Corporation's most recently filed annual information form ("AIF"), an electronic copy of which is available on Tidewater Renewables' SEDAR+ profile at www.sedarplus.ca.

RISK FACTORS

The Corporation continually works to mitigate the impact of risks to its business by identifying all significant risks so that they can be appropriately managed. The risks that may affect the business and operations of Tidewater Renewables are described within the Corporation's AIF, an electronic copy of which is available on Tidewater Renewable's SEDAR+ profile at www.sedarplus.ca. The Corporation's financial risks are discussed in note 21 of the Financial Statements.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimates that differ materially from current estimates. The Corporation's use of estimates and judgments in preparing the Financial Statements is discussed in note 2 of the consolidated financial statements for the year ended December 31, 2023.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures ("DC&P")

The Corporation's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P"), as defined by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), to provide reasonable assurance that material information relating to the Corporation is made known to them by others, particularly during the period in which the annual filings are being prepared, and information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Corporation's management, including the Chief Executive Officer and Chief Financial Officer, evaluate the effectiveness of the Corporation's DC&P annually.

Management of the Corporation, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the DC&P as at December 31, 2023. Based on that evaluation, the Chief Executive Officer has concluded that the Corporation's DC&P are effective as of the end of the year, in all material respects.

Internal Controls Over Financial Reporting ("ICFR")

Tidewater Renewables' Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting ("ICFR"), as defined by NI 52-109. They have, as at the year ended December 31, 2023, designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used by the officers to design the Corporation's ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations.

Management of the Corporation, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the ICFR as at December 31, 2023. Based on that evaluation, the Chief Executive Officer has concluded that the Corporation's ICFR are effective as of the end of the year, in all material respects.

The Corporation's Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during the most recent period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. No material changes in the ICFR were identified during the period ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. It should be noted that a control system, including the Corporation's DC&P and ICFR, no matter how well conceived, can provide only reasonable and not absolute assurance that the objectives of the control system will be met. As a result of inherent limitation in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Corporation's policies and procedures.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

The following are the non-GAAP financial measures, the non-GAAP financial ratio, capital management measures and supplementary financial measures used herein.

Non-GAAP Financial Measures

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

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA is calculated as income (or loss) before finance costs, taxes, depreciation, share-based compensation, unrealized gains/losses on derivative contracts, non-cash items, transaction costs, lease payments under IFRS 16 *Leases* and other items considered non-recurring in nature plus the Corporation's proportionate share of Adjusted EBITDA in its equity investment.

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

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

	Three months ended December 31,		Year ended December 31,	
(in thousands of Canadian dollars)	2023	2022	2023	2022
Net income (loss)	\$ (12,747)	\$ 14,132	\$ (41,019)	\$ 25,942
Deferred income tax expense (recovery)	(12,782)	5,982	(22,834)	9,966
Depreciation	9,454	5,062	25,587	19,443
Finance costs	4,440	2,666	21,009	7,547
Share-based compensation	903	740	4,811	3,217
Unrealized loss (gain) on derivative contracts	12,952	(17,203)	53,350	(9,071)
Loss (gain) on warrant liability revaluation	(1,090)	1,995	(9,250)	1,995
Transaction costs	-	304	111	964
Non-recurring transactions ⁽¹⁾	3,428	-	7,971	-
Adjustment to share of profit from equity accounted investments	6,150	3,039	6,205	2,437
Adjusted EBITDA	\$ 10,708	\$ 16,717	\$ 45,941	\$ 62,440

(1) Non-recurring transactions for the year ended December 31, 2023, includes \$6.3 million of feedstock rescheduling costs.

Distributable Cash Flow

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

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

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

	Three months ended December 31,		Year ended December 31,	
(in thousands of Canadian dollars)	2023	2022	2023	2022
Net cash provided by operating activities	\$ 17,161	\$ 29,095	\$ 22,784	\$ 67,444
Add (deduct):				
Changes in non-cash working capital	(12,992)	(13,537)	7,834	(8,713)
Transaction costs	-	304	111	964
Non-recurring transactions ⁽¹⁾	3,428	-	7,971	-
Interest and financing charges	(3,447)	(1,487)	(13,931)	(3,650)
Payment of lease liabilities	(1,757)	(1,588)	(6,710)	(5,982)
Maintenance capital	(251)	(3,354)	(15,312)	(12,003)
Distributable cash flow	\$ 2,142	\$ 9,433	\$ 2,747	\$ 38,060

(1) Non-recurring transactions for the year ended December 31, 2023, includes \$6.3 million of feedstock rescheduling costs.

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

Non-GAAP Financial Ratios

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

Distributable cash flow per common share (basic and diluted)

Distributable cash flow per common share is calculated as distributable cash flow over the weighted average number of common shares outstanding for the three months and year ended December 31, 2023.

Distributable cash flow is a non-GAAP financial measure. Management believes that distributable cash flow per common share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

	Three months ended December 31,		Year ended December 31,	
<i>(in thousands of Canadian dollars except per share information)</i>	2023	2022	2023	2022
Distributable cash flow	\$ 2,142	\$ 9,433	\$ 2,747	\$ 38,060
Weighted average shares outstanding– basic	34,754	34,713	34,731	34,712
Weighted average shares outstanding– diluted	34,754	34,972	34,731	34,888
Distributable cash flow per share– basic	\$ 0.06	\$ 0.27	\$ 0.08	\$ 1.10
Distributable cash flow per share– diluted	\$ 0.06	\$ 0.27	\$ 0.08	\$ 1.09

Capital Management Measures

The Corporation has its own methods for managing capital and liquidity as further described in “*Liquidity, and Capital Resources*” section of this MD&A and within note 20 of the Financial Statements.

Net Debt

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

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

The following table reconciles net debt:

<i>(in thousands of Canadian dollars)</i>	December 31, 2023		December 31, 2022	
Senior Credit Facility	\$	171,749	\$	72,611
Term Debt		175,000		150,000
Cash		(105)		(11,379)
Net debt	\$	346,644	\$	211,232

Supplementary Financial Measures

Growth Capital

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

Maintenance Capital

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

OPERATIONAL DEFINITIONS

"bbl/d" means barrels per day.

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

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

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

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

"CFR credits" means credits generated under the Canadian Clean Fuel Regulation.

"ESG" means environmental, social and governance.

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

"FEED" front-end engineering design.

"MMcf/d" means million cubic feet per day.

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

"RCC" refers to Rimrock Cattle Company Ltd.;

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

“SAF” means sustainable aviation fuel.

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

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

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

FORWARD-LOOKING INFORMATION

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

In particular, this MD&A contains forward-looking statements pertaining to, but not limited to, the following: the expected financial performance of the Corporation’s capital projects and assets, including the Renewable Assets; the Corporation’s continued ability to convert feedstock into low carbon fuels; the Corporation’s ability to negotiate and enter into offtake agreements with investment grade counterparties; the expectation that the Corporation will be able to grow its revenue, actively maintain and manage its capital projects and assets, including the Renewable Assets, and achieve growth by selectively pursuing strategic business development opportunities; the Corporation’s business plans and strategies, including the underlying existing assets and capital projects, and the success and timing of the projects and related milestones and capital costs; the Corporation’s ability to progress commercial and regulatory processes with respect to the RNG Facility, and the receipt of land use approvals related to such facility; expectations related to the SAF facility including costs and regulatory approval thereof and anticipated production therefrom; the Corporation’s operational and financial performance, including expectations regarding generating revenue, revenues and operating expenses; the expectation that the HDRD Complex will maintain a design capacity of 3,000 bbl/d with a consistently utilization rate; the ability to leverage existing infrastructure and engineering expertise of Tidewater Midstream regarding development of the Corporation’s projects and product offerings; the ability of the Corporation to progress its feedstock strategy; the future price and volatility of commodities; expectations regarding the Corporation’s 2024 growth capital program, the financing thereof and the anticipated benefits therefrom; the Corporation’s ability to execute its maintenance capital program and the expected efficiencies arising therefrom; the Corporation’s continued ability to attract government support for its initiatives; the Corporation’s ability to negotiate and refinance its Senior Credit Facility and Additional Debt Capacity under its Term Debt Facility; the Corporation’s adjusted cash flows and such measures’ effect on variable repayments on the Additional Debt Capacity under its Term Debt Facility; the future pricing of BC LCFS credits; expectations around the

Corporation's receipt of BC LCFS credits; the Corporation's ability to anticipated revenue from future sales of BC LCFS credits; and the availability, future price and volatility of feedstocks and other inputs.

Although the forward-looking statements contained in this MD&A are based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this MD&A, the Corporation has made assumptions regarding, but not limited to: Tidewater Renewables' ability to execute on its business plan; the timely receipt of all third party, governmental and regulatory approvals and consents sought by the Corporation, including with respect to the Corporation's approval related to the RNG Facility and other projects and applications; general economic and industry trends, including continuing effects of the COVID-19 pandemic; operating assumptions relating to the Corporation's projects; expectations around level of output from the Corporation's projects, including assumptions relating to feedstock supply levels; the ownership and operation of Tidewater Renewables' business; regulatory risks, including changes or delay to the BC LCFS credits; the expansion of production of renewable fuels by competitors; the future pricing of BC LCFS credits and other environmental credits; future commodity and renewable energy prices; sustained or growing demand for renewable fuels; the ability for the Corporation to successfully turn a wide variety of renewable feedstocks into low carbon fuels; changes in the credit-worthiness of counterparties; the Corporation's future debt levels and its ability to repay its debt when due; the Corporation's ability to continue to satisfy the terms and conditions of its credit facilities; the continued availability of the Corporation's credit facilities; the Corporation's ability to obtain additional debt and/or equity financing on satisfactory terms; the Corporation's ability to manage liquidity by working with its current capital providers and other sources and through the sale of BC LCFS credits and other environmental credits; foreign currency, exchange, inflation and interest rate risks; and the other assumptions set forth in the Corporation's most recent annual information form available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

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

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

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

Financial Outlook

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