TIDEWATER
Renewables Ltd.

Management's Discussion and Analysis
For the three month period ended March 31, 2023

May 10, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (the "MD&A") of the condensed interim consolidated financial and operating results of Tidewater Renewables Ltd. ("Tidewater Renewables" or the "Corporation") is dated May 10, 2023, and should be read in conjunction with Tidewater Renewables' condensed interim consolidated financial statements as at and for the three months ended March 31, 2023, and 2022 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), representing generally accepted accounting principles ("GAAP"), and are expressed in Canadian dollars. 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, renewable hydrogen and renewable natural gas, as well as carbon capture through future initiatives. 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 one of the leading Canadian renewable fuel producers. 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 under the symbol "LCFS".

Tidewater Renewables' operating assets and growth projects 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 operating assets at the PGR include the 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. The Corporation's growth projects include the Renewable Diesel & Renewable Hydrogen Complex ("HDRD Complex") at the PGR and a renewable natural gas ("RNG") digestor facility (the "RNG Facility") in Foothills County, Alberta. Through these assets and projects, Tidewater Renewables will supply low carbon fuels to investment grade offtakers, existing 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.sedar.com and at www.tidewater-renewables.com.

HIGHLIGHTS

- In the first quarter of 2023, Tidewater Renewables generated $12.6 million of Adjusted EBITDA(1), consistent with $12.7 million in the first quarter of 2022. Net loss attributable to shareholders was $21.5 million for the first quarter of 2023, compared to net income attributable to shareholders of $17.5 million in the first quarter of 2022. The principal cause of the Q1 2023 net loss attributable to shareholders was $37.0 million of non-cash unrealized losses on derivative contracts associated with decreases in forward feedstock pricing.
- The HDRD Complex is expected to reach commercial production by the end of Q2 2023. The gross project cost forecast remains in line with previous guidance (approximately $342 million) and the project's economics remain attractive with payback expected within 2 - 3 years.
- The Corporation is forecasting a gradual production ramp-up of the HDRD Complex in the second half of 2023, with an average utilization rate between 75 – 80% of its design capacity. Based on this utilization, second-half 2023 corporate Adjusted EBITDA(1) is expected to range between $50 – 60 million, inclusive of $35 – 45 million of Adjusted EBITDA(1) from the HDRD Complex. When the HDRD Complex is operating at its design capacity, annualized corporate run rate EBITDA(1) is expected to range between $130 – 155 million.
- On May 10, 2023, the Corporation amended its Senior Credit Facility and its AIMCo Facility, providing a temporary increase of $25.0 million each, for a combined total of $50.0 million. These amounts are repayable in variable quarterly installments based on the Corporation's cash flows following the commissioning of the HDRD Complex. Funding remains subject to customary closing conditions.
- On April 13, 2023, the Corporation announced that it had obtained additional capital emissions credits related to the HDRD Complex, which were sold to third parties for proceeds of $43.2 million. These proceeds, combined with the $50.0 million of additional debt capacity, provide Tidewater Renewables with ample liquidity to complete the commissioning of its HDRD Complex.
- On April 24, 2023, Tidewater Renewables published its inaugural Environmental, Social and Governance ("ESG") report. The report highlights the Corporation's commitment to responsible energy development, its approach to sustainability, recent accomplishments and other material items that will drive the success of Tidewater Renewables' long-term ESG goals. The report is available on the Corporation's website at www.tidewater-renewables.com.

(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

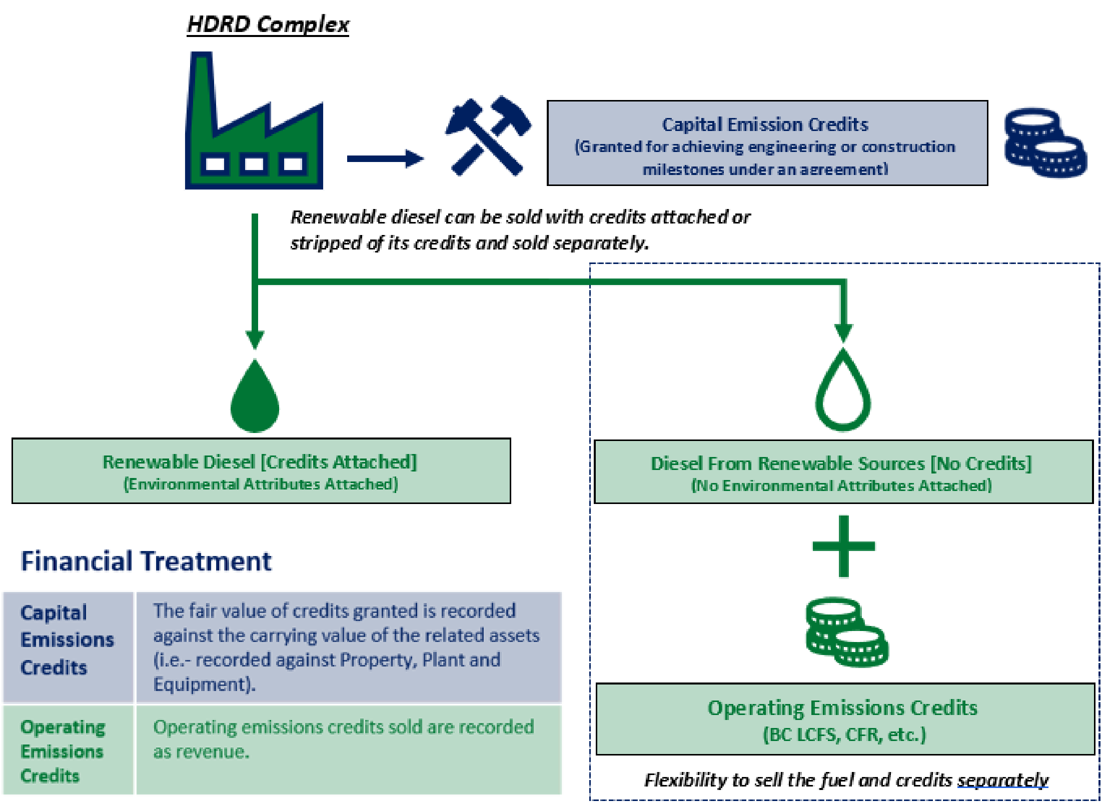
(in thousands of Canadian dollars except per share information)	Three months ended March 31, 2023		2022	
Revenue	**$**	**19,896**	$	17,250
Net income (loss) attributable to shareholders	**$**	**(21,477)**	$	17,514
Net income (loss) attributable to shareholders per share – basic and diluted	**$**	**(0.62)**	$	0.50
Adjusted EBITDA [1,2]	**$**	**12,635**	$	12,737
Net cash provided by operating activities	**$**	**11,449**	$	19,285
Distributable cash flow [1]	**$**	**5,273**	$	7,916
Distributable cash flow per common share – basic and diluted [1]	**$**	**0.15**	$	0.23
Total common shares outstanding (000s)		**34,721**		34,712
Total assets	**$**	**1,024,265**	$	788,795
Net debt [1]	**$**	**278,552**	$	66,415

(1) Refer to "Non-GAAP and Other Financial Measures".
(2) For the three months ended March 31, 2023, Adjusted EBITDA includes $294 from its proportionate share of RCC's Adjusted EBITDA.

RENEWABLE DIESEL & RENEWABLE HYDROGEN COMPLEX ("HDRD Complex")

Tidewater Renewables is nearing the commencement of commercial operations of Canada's first standalone renewable diesel facility. The HDRD Complex is designed to produce 3,000 bbl/d of renewable diesel and to utilize renewable hydrogen to reduce its carbon intensity ("CI"). The HDRD Complex includes a pretreatment facility to provide Tidewater Renewables with feedstock flexibility and to optimize input costs.

The HDRD Complex's renewable diesel production is expected to have 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. The diagram below delineates the HDRD Complex's emission credit pathways:



To limit its credit price exposure the Corporation has executed forward sale agreements with investment-grade counterparties. The Corporation has forward sale agreements for most of the remaining capital emissions credits it expects to be issued ($83.6 million) and for a modest amount of operating emissions credits ($6.8 million). See *"Liquidity and Capital Resources - Other Capital Resources"* for the expected timing of proceeds.

The HDRD Complex is expected to reach commercial production by the end of Q2 2023. As the HDRD Complex ramps-up in the second half of 2023, it is expected to operate between 75 – 80% of its design capacity and contribute approximately $35 – 45 million of Adjusted EBITDA in the second half of 2023. When the HDRD Complex is operating at its design capacity, it is expected to generate annualized run rate EBITDA of between $90 – 115 million. The Corporation remains hedged on approximately 50% of the HDRD Complex's feedstock volume requirements through 2023 and 2024.

Projected gross project costs remain in line with the previous forecast (approximately $342 million), while the net project cost forecast has decreased to $174 million. This decrease is attributable to the incremental capital emission credits granted. The project's economics remain attractive, and payout is expected within 2 – 3 years of operations.

The project cost estimates are disclosed below:

(in thousands of Canadian dollars)		**March 31, 2023**		December 31, 2022
Project costs incurred(1)	**$**	**308,078**	$	244,863
Remaining spending anticipated		**33,922**		97,137
Gross estimated project costs(2)		**342,000**		342,000
Capital emission credits realized(1)		**(81,804)**		(58,529)
Proceeds expected from the sale of capital emissions credits(3)		**(86,196)**		(66,471)
Net estimated project costs(2)	**$**	**174,000**	$	217,000

(1) Project costs incurred and capital emission credits realized include $25.2 million of costs incurred by Tidewater Midstream, prior to August 18, 2021, which were offset through the issuance of BC LCFS Credits.

(2) Estimated costs and completion times for the HDRD Complex that are discussed above assume that construction & commissioning continues as planned and that actual costs are in line with estimates. Costs described include start-up catalysts, critical spares and commissioning costs but exclude certain carrying charges and supporting refinery infrastructure assets. The section of the MD&A titled "Forward-Looking Information" provides more information on factors that could affect the development of this project.

(3) Includes the $43.2 million of capital emissions credits announced on April 13, 2023, and an estimated $2.6 million of capital emissions credits not sold under forward agreements.

RESULTS OF OPERATIONS

Financial Overview

(in thousands of Canadian dollars except per share information)	**Three months ended March 31, 2023**		2022	
Revenue	**$**	**19,896**	$	17,250
Operating expenses	**$**	**8,689**	$	6,058
General and administrative	**$**	**1,790**	$	1,142
Share-based compensation	**$**	**1,720**	$	450
Depreciation	**$**	**4,924**	$	4,688
Finance costs and other	**$**	**5,407**	$	774
Realized gain on derivative contracts	**$**	**(2,587)**	$	(2,687)
Unrealized loss (gain) on derivative contracts	**$**	**37,035**	$	(17,185)
Gain on warrant liability revaluation	**$**	**(7,250)**	$	-
Income (loss) from equity investments	**$**	**773**	$	-
Transaction costs	**$**	**80**	$	53
Deferred income tax expense (recovery)	**$**	**(7,662)**	$	6,443
Net income (loss) attributable to shareholders	**$**	**(21,477)**	$	17,514
Net income (loss) attributable to shareholders per share– basic and diluted	**$**	**(0.62)**	$	0.50

Revenue

Revenue increased to $19.9 million in the first quarter of 2023, compared to $17.3 million in the first quarter of 2022. The increase is due to higher renewable diesel pricing, increased co-processing throughput, and additional marketing of renewable feedstock.

The Corporation generates revenue primarily through offtake, fixed rate processing and storage take-or-pay agreements with Tidewater Midstream as the main counterparty. These agreements are designed to recover operating costs and provide a return on capital. Fees are charged per unit sold, processed, or stored and through the recovery of operating costs for the facility.

Operating Expenses

Operating expenses for the first quarter of 2023 were $8.7 million, compared to $6.1 million for the first quarter of 2022. The increase is due to the higher co-processing throughput and additional renewable feedstock marketing.

General and Administrative

General and administrative ("G&A") expenses for the first quarter of 2023 were $1.8 million, compared to $1.1 million for the first quarter of 2022. The increase is primarily due to higher employee costs as the Corporation prepares to operate the HDRD Complex.

Share-Based Compensation

The Corporation incurred share-based compensation expenses of $1.7 million for the first quarter of 2023, compared to $0.5 million for the first quarter of 2022. The increase is attributable to the amortization of share awards issued in 2022.

Depreciation

Depreciation for the three months ended March 31, 2023, was $4.9 million compared to $4.7 million for the three months ended March 31, 2022. The increase is attributable to right-of-use assets and property, plant and equipment additions.

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

Finance Costs and Other

Finance costs and other for the first quarter of 2023 were $5.4 million compared to $0.8 million for the first quarter of 2022. The increase is attributable to draws made on the Corporation's Senior Credit and AIMCo Facilities.

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

Realized Gains on Derivative Contracts

The Corporation uses financial forward contracts to protect operating income against volatility in commodity prices. During the three months ended March 31, 2023, and March 31, 2022, the Corporation generated $2.6 million and $2.7 million of realized gains on derivative contracts, respectively.

Unrealized Gains or Losses on Derivative Contracts

The Corporation recognized a non-cash unrealized loss of $37.0 million for the three months ended March 31, 2023, compared to an unrealized gain of $17.2 million for the three months ended March 31, 2022, when adjusting the commodity contracts to their fair value. The loss in 2023 is a result of lower closing prices for the hedged commodities through to 2025.

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.

Gain on Warrant Liability Revaluation

On October 24, 2022, in conjunction with the closing of the AIMCo 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 March 31, 2023, the Corporation recognized a non-cash revaluation gain of $7.3 million. The revaluation gain is the result of the Corporation's lower closing share price.

Income from Equity Investments

The Corporation's investment in Rimrock Cattle Company Ltd. ("RCC") contributed income of $0.8 million for the three months ended March 31, 2023. In April 2022, the Corporation 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 or Recovery

For the three months ended March 31, 2023, the Corporation recorded a deferred income tax recovery of $7.7 million, compared to a deferred tax expense of $6.4 million for the same period in 2022. The recovery is attributable to the net loss before tax in the first quarter of 2023 compared to net income before tax during the same period in 2022.

Net Income (Loss) Attributable to Shareholders

During the three month period ended March 31, 2023, the Corporation incurred a net loss attributable to shareholders of $21.5 million, compared to net income attributable to shareholders of $17.5 million for the same period in 2022. The net loss is primarily the result of non-cash unrealized losses on derivative contracts, which were partially offset by a deferred income tax recovery during the three month period ended March 31, 2023.

OUTLOOK AND CORPORATE UPDATE

The Corporation's immediate focus remains on the safe and successful commissioning of Canada's first standalone renewable diesel facility. Following the commissioning of the HDRD Complex, Tidewater Renewables will be among Canada's first sizable producers of BC LCFS credits and federal clean fuel regulation ("CFR") credits. The Corporation continues to see strong industry fundamentals, including robust prices for renewable fuels and strong demand for environmental credits. This demand is supported by escalating compliance requirements and voluntary environmental commitments. Tidewater Renewables continues to work with various counterparties to achieve their compliance requirements, fulfill their ESG commitments and meet their energy needs.

After the HDRD Complex is successfully commissioned, the Corporation is dedicated to strengthening its financial position, repaying debt and progressing the development of the RNG Facility for the remainder of 2023. Tidewater Renewables continues to observe robust social and government support for the energy transition and the incremental Adjusted EBITDA from the HDRD Complex is expected to launch the next phase of the Corporation's growth.

Renewable Fuel Assets

The Corporation's renewable fuel assets are co-located at Tidewater Midstream's Prince George Refinery. Tidewater Renewables' operating assets include canola & FCC co-processing infrastructure and a steam methane reformer, used for hydrogen production, as well as working interests in a unifiner reactor, certain utilities, storage tanks, and rail & truck racks. These assets generate revenue through take-or-pay contracts and refined product offtake agreements with Tidewater Midstream. The Corporation is expanding its renewable fuels production at PGR via construction of the 3,000 bbl/d HDRD Complex and Phase 2 of its FCC co-processing project.

Phase 1 of the FCC co-processing project was successfully commissioned in August 2022, with a throughput capacity of approximately 100 bbl/d. The Corporation expects Phase 2 commissioning to be completed in Q3 2023, which will increase throughput capacity to approximately 300 bbl/d. The FCC and canola co-processing projects refine various renewable feedstocks, including those provided by the Corporation's feedstock collection business, into renewable diesel and renewable gasoline. To minimize commodity price exposure and protect the project's cash flows, the Corporation has entered into financial forward contracts for vegetable oils and refined products.

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.

Co-locating the renewable fuel assets at PGR provides significant advantages to the Corporation, including the ability to leverage existing infrastructure, regulatory frameworks and the expertise of refinery management. PGR serves the majority of the underserved regional demand, which includes major local industries such as forestry, mining and oil and gas.

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 construct 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 up to 100% of the RNG production from the facility. Tidewater Renewables is advancing the facility's engineering design and regulatory applications and expects to begin construction once all significant regulatory approvals are obtained. Tidewater Renewables and Rimrock continue to see incremental government support for the development of RNG projects in North America.

Feedstock Supply and Marketing

To complement its renewable fuel and renewable natural gas assets, Tidewater Renewables is aggressively sourcing various renewable feedstocks for use in its facilities and to market to other counterparties.

In April 2022, the Corporation launched its strategic cattle feedlot partnership, RCC. RCC will contribute feedstock under a long-term supply agreement to fulfill a substantial amount of the RNG Facility's feedstock requirements. RCC along with the previously completed acquisition of a used cooking oil provider, substantially de-risks and diversifies the Corporation's feedstock supply requirements.

CAPITAL PROGRAM

The Corporation's capital program for the first half of 2023 is focused on the commissioning of the HDRD Complex and supporting the planned turnaround at PGR in the second quarter of 2023. During the second half of 2023, the Corporation plans to exercise capital discipline, targeting small-scale projects, including the announced co-processing expansion and optimization projects. Tidewater Renewables continues to see material government interest in supporting various future renewable fuel & renewable gas initiatives.

Renewable Diesel & Renewable Hydrogen Complex ("HDRD Complex")

The HDRD Complex is expected to reach commercial production by the end of Q2 2023. Tidewater Renewables is proud to have safely completed another active quarter of construction.

During the first quarter of 2023, the following significant project milestones were achieved:

- Completed catalyst loading of the renewable hydrogen plant;
- Completed the majority of the dry commissioning on the utility packages; and
- Finished commissioning of the tank farm and rail rack supporting assets.

SUMMARY OF QUARTERLY RESULTS

The following table presents a summary of Tidewater Renewables' quarterly results since inception:

(In thousands of Canadian dollars, except per share information)	**Q1 2023**	Q4 2022	Q3 2022	Q2 2022
Revenue	**$ 19,896**	$ 19,422	$ 19,697	$ 19,730
Net income (loss) attributable to shareholders	**(21,477)**	14,132	(10,067)	4,363
Net income (loss) per share attributable to shareholders – basic	**(0.62)**	0.41	(0.29)	0.13
Net income (loss) per share attributable to shareholders – diluted	**(0.62)**	0.40	(0.29)	0.13
Adjusted EBITDA (1)	**$ 12,635**	$ 16,717	$ 16,084	$ 16,902

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

(In thousands of Canadian dollars, except per share information)	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue	$ 17,250	$ 16,925	$ 6,130	$ -
Net income (loss) attributable to shareholders	17,514	80	3,418	(735)
Net income (loss) per share attributable to shareholders – basic & diluted (2)	0.50	0.00	0.21	-
Adjusted EBITDA (1)	$ 12,737	$ 10,635	$ 5,330	$ -

(1) Refer to "Non-GAAP and Other Financial Measures".
(2) During Q2 2021 only one common share was outstanding which was subsequently redeemed.

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; 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 price 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.

During 2021, Tidewater Renewables' results were impacted by the following factors and trends:

- One-time transaction costs relating to the issuance of the Corporation's initial public offering and the acquisition of the Renewable Assets; and
- Shorter comparable period due to 44 days of operations in the third quarter and 136 days of operations for the period from the of date of incorporation, May 11, 2021, to December 31, 2021.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation's primary liquidity and capital resource needs are to fund the HDRD Complex commissioning, future growth opportunities, future interest payments and working capital.

Tidewater Renewables anticipates that its net cash from operating activities, cash flow from growth projects, funds from its Senior Credit Facility and AIMCo Facility, proceeds from the sale of capital emissions credits, and other financing sources will be enough to fulfill its financial commitments, obligations, and anticipated capital expenditures.

Subsequent to March 31, 2023, Tidewater Renewables secured $93.2 million of additional liquidity consisting of $50.0 million of additional debt capacity, with its existing creditors, and $43.2 million of proceeds from the sale of newly awarded capital emissions credits. The Corporation expects this funding to be sufficient to complete and commission the HDRD Complex; however, economic uncertainties, further cost increases, or unexpected delays with the HDRD Complex could pose liquidity and financial obligation risks to the Corporation.

The Corporation's actual expenditures may vary depending on a variety of factors, including the availability of equipment and personnel, unexpected expenses, delays in the receipt of necessary regulatory approvals, permits and licenses and the success of the Corporation's business development activities, among other variables.

Contractual Obligations

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

	March 31, 2023		December 31, 2022	
(in thousands of Canadian dollars)	**Less than one year**	**Greater than one year**	Less than one year	Greater than one year
Accounts payables	**$ 43,995**	**$ -**	$ 55,299	$ -
Warrant liability	**5,195**		12,445	-
Derivative contracts	**16,133**	**19,789**	7,739	8,733
Lease liabilities [(1)]	**6,445**	**16,204**	6,312	17,457
Bank debt [(2)]	**-**	**129,491**	-	72,611
Term debt [(2)]	**-**	**150,000**	-	150,000
	$ 71,768	**$ 315,484**	$ 81,795	$ 248,801

(1) Amounts represent the expected undiscounted cash payments related to leases.
(2) 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 March 31, 2023:

(in thousands of Canadian dollars)	Maturity Date	Rate		Facility Amount		Amount Drawn
Senior Credit Facility	August 18, 2024	variable	$	150,000	$	129,491
AIMCo Facility	October 24, 2027	variable		150,000		150,000
Total			**$**	**300,000**	**$**	**279,491**

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 $150 million five-year senior secured second lien credit facility with AIMCo (the "AIMCo Facility"). The AIMCo Facility was drawn down by way of a single advance on October 24, 2022, and initially bears interest of 6.50% per annum, increases by 37.5 basis points in year four and year five and is subject to certain inflation escalators.

The Senior Credit Facility and the AIMCo Facility require Tidewater Renewables to maintain certain financial covenants on a trailing-quarterly basis. These financial covenants are based on financial ratios including consolidated debt (being the Senior Credit Facility and the AIMCo Facility) to adjusted EBITDA, first lien senior debt (being the Senior Credit Facility but excluding the AIMCo Facility) to adjusted EBITDA, and an adjusted EBITDA to interest coverage ratio. The calculations for each of these ratios are based on specific definitions in the agreements governing the Senior Credit Facility and AIMCo Facility, are not in accordance with GAAP, and cannot be easily calculated by referring to the Corporation's financial statements.

On March 27 and 28, 2023, the Corporation's Senior Credit Facility and the AIMCo Facility were amended to relax the Consolidated debt to adjusted EBITDA financial covenant as at March 31, 2023. At March 31, 2023 the Senior Credit Facility's and the AIMCo Facility's financial covenants were identical and Tidewater Renewables was in compliance with its financial covenants. The following table is a list of Tidewater Renewables financial covenants as at March 31, 2023 and December 31, 2022:

	Covenant as at March 31, 2023	**March 31, 2023**	December 31, 2022
Consolidated debt(1) to adjusted EBITDA	Maximum 6.05:1.00	5.24	3.93
Consolidated first lien(2) senior debt to adjusted EBITDA	Maximum 3.50:1.00	2.43	1.34
Adjusted EBITDA to interest coverage	Minimum 2.50:1.00	4.60	7.05

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

On May 10, 2023, the Corporation amended its Senior Credit Facility and the AIMCo Facility. These amendments provide a temporary increase of $25 million under the Senior Credit Facility and $25 million under the AIMCo Facility, (collectively the "additional debt capacity"). Funding remains subject to customary closing conditions. The amendments also waive the financial covenants until and including September 30, 2023. During this period the AIMCo Facility will be subject to an additional 300 bps of interest and the Senior Credit facility will be subject to an additional 175 bps of interest. As of May 10, 2023, the additional debt capacity was undrawn.

Following the commissioning of the HDRD Complex, any amounts outstanding under the $50 million of additional debt capacity are repayable in variable quarterly installments based on the Corporation's cash flows. The Corporation expects to repay any amounts drawn under the additional debt capacity within the next twelve months.

Other Capital Resources

Capital Emissions Credits

Under agreements with government entities the Corporation is awarded capital emission credits for achieving construction milestones on its HDRD Complex and the FCC co-processing project. The Corporation has executed forward sale agreements with third parties for the majority of the remaining credits to be issued. The table below summarizes the expected proceeds from the sale of capital emission credits under executed forward agreements:

(in thousands of Canadian dollars)		
Proceeds received between April 1, 2023 – May 10, 2023	$	43,168
Proceeds expected in the remainder of 2023		29,825
Proceeds expected in 2024		10,625
Expected proceeds from sale of capital emissions credits under executed agreements	$	83,618

Operating Emissions Credits

In 2022, the Corporation entered into forward agreements to sell operating emissions credits. These operating emissions credits are expected to be generated through the production of renewable fuels. The table below summarizes these expected proceeds from these agreements:

(in thousands of Canadian dollars)		
Proceeds expected in 2024	$	3,925
Proceeds expected in 2025		2,850
Expected proceeds from sale of operating emissions credits under executed agreements	$	6,775

Cash Flow Summary

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

Cash flows provided by (used in)	**Three months ended March 31,**			
(in thousands of Canadian dollars)		**2023**		2022
Operating activities	**$**	**11,449**	$	19,285
Financing activities	**$**	**52,234**	$	7,965
Investing activities	**$**	**(74,123)**	$	(24,687)

Net Cash Provided by Operating Activities

Net cash provided by operating activities was $11.4 million for the three months ended March 31, 2023, compared to $19.3 million for the three months ended March 31, 2022. The decrease is primarily attributable to changes in non-cash working capital.

Cash provided by operating activities will fluctuate quarter over quarter because of inventory for 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 $52.2 million for the three months ended March 31, 2023, compared to $8.0 million for the three months ended March 31, 2022. The increase relates to draws on the Corporation's debt facilities to finance the construction of the HDRD Complex.

Net Cash Used in Investing Activities

Net cash used in investing activities was $74.1 million for the three months ended March 31, 2023, compared to $24.7 million for the three months ended March 31, 2022. The increase is related to the construction of the HDRD Complex and changes in non-cash working capital.

Capital Expenditures

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

(in thousands of Canadian dollars)	Three months ended March 31, **2023**	2022
Growth capital (1)	**$ 79,931**	$ 44,649
Maintenance capital (1)	**1,688**	2,735
Additions to property, plant and equipment as per statement of cash flows	**$ 81,619**	$ 47,384

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

Growth Capital

Growth capital expenditures for the three months ended March 31, 2023, were $79.9 million compared to $44.6 million for the first quarter of 2022. Tidewater Renewables' 2022 growth capital primarily relates to the construction and commissioning of the HDRD Complex. These expenditures were partially offset by funds received from the sale of BC LCFS credits awarded for achieving construction milestones on the HDRD Complex and government grants received for achieving engineering milestones on the RNG Facility.

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 ended March 31, 2023 and 2022, were $1.7 million and $2.7 million, respectively. These maintenance capital expenditures are attributable to the upcoming PGR turnaround program and improvements to the utilities infrastructure and tank farm.

CONTRACTUAL LIABILITIES AND COMMITMENTS

At March 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 March 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	$ 6,445	$ 16,204	$ -	$ 22,649
Bank debt [(1)]	-	129,491	-	129,491
Term debt [(1)]	-	150,000	-	150,000
Total	**$ 6,445**	**$ 295,695**	**$ -**	**$ 302,140**

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

Off Balance Sheet Arrangements

At March 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 May 10, 2023, Tidewater Renewables had the following number of outstanding common shares, RSUs, DSUs and Options:

(In thousands)	
Common shares	34,722
RSUs	841
DSUs	60
Options	761
Warrants	3,375

TRANSACTIONS WITH RELATED PARTY

The Corporation has entered into various take-or-pay, offtake, shared service and flow-through commodity hedging agreements with its controlling shareholder Tidewater Midstream. As the majority of the Corporation's revenue is earned by providing services to Tidewater Midstream under the take-or-pay agreements, it is economically dependent on Tidewater Midstream.

The transactions with Tidewater Midstream during the three months ended March 31, 2023 and 2022, are summarized in the following table:

(in thousands of Canadian dollars)	**Three months ended March 31, 2023**	2022
Revenue	**$ 18,298**	$ 16,603
Operating expenses	**5,404**	4,757
General and administrative	**826**	302
Realized loss (gain) on derivative contracts	**64**	(2,687)
Unrealized loss (gain) on derivative contracts	**2,757**	(17,185)
Proceeds from sale of capital emissions credits	**4,600**	-
Payment of lease liabilities	**31**	-

Balances with Tidewater Midstream included in the statement of financial position as at March 31, 2023 are summarized in the following table:

(in thousands of Canadian dollars)		**As at March 31, 2023**
Accounts receivable	**$**	**3,304**
Accounts payable[1]		**(6,299)**
Lease liabilities – current[2]		**(121)**
Lease liabilities – long term[2]		**(391)**

(1) Accounts payable with Tidewater Midstream primarily relate to flow-through capital expenditures on the HDRD Complex.
(2) Lease liabilities with Tidewater Midstream relate to the five-year lease of a warehouse facility.

For the three months ended March 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 ended March 31, 2023, was $18.3 million. 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 provides the opportunity to invest in an energy transition vehicle focused on producing clean, renewable fuels for the North American markets utilizing existing and proven technologies. The Corporation focuses on low carbon fuels to deliver CI reduction alternatives, including Renewable Diesel, Renewable Natural Gas, and Renewable Hydrogen. Tidewater Renewables' objective is to become one of the leading Canadian renewable fuel producers, with ESG being a top priority.

Some of Tidewater Renewables' key ESG attributes include:

1. Production of renewable fuels that have significantly reduced CI relative to conventional fossil fuels. Renewable fuels can have CI reductions of more than 80%, and over 100% in the case of some organic waste products (which would have otherwise escaped into the environment).
2. Building a feedstock strategy primarily focused on inedible and waste-stream oils such as animal fats, used cooking oil, and distillers corn oil.
3. Having an experienced and diverse Board of Directors, consisting of 25% independent Directors acting in the best interest of Tidewater Renewables, of which 25% are women.

4. Sharing resources and expenses through the Shared Services Agreement with Tidewater Midstream provides Tidewater Renewables with experience and knowledge regarding health and safety practices and human capital management, including an ESG committee that meets on a bi-weekly basis to review ESG priorities and plans.
5. Focusing on socially conscious commerce, community engagement with all local stakeholders as well as deepening of community relations through various events and corporate sponsorships.
6. Focusing on targeted donations and volunteering aimed at organizations that are aligned with the Corporation's values of supporting mental health, children and 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 they 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. Tidewater Renewables uses engineering consulting firms and internal resources to compile inventories of greenhouse gas emissions and reports these inventories in accordance with regulatory authorities. 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.sedar.com.

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 in the AIF. The Corporation's financial risks are discussed in note 13 of the Condensed Interim 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, 2022. There have been no material changes to the Corporation's critical accounting estimates and judgements during the three months ended March 31, 2023.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures ("DC&P")

The Corporation's Interim 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 Interim Chief Executive Officer and Chief Financial Officer, evaluate the effectiveness of the Corporation's DC&P annually.

Management of the Corporation, including the Interim Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the DC&P as at March 31, 2023. Based on that evaluation, the Interim 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' Interim 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 period ended March 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 Interim Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the ICFR as at March 31, 2023. Based on that evaluation, the Interim 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 Interim 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 March 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. Certain of these financial measures do not have a standardized meaning 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 Corporation’s non-GAAP financial measures, non-GAAP financial ratios, capital management measures and supplementary financial measures.

Non-GAAP Financial Measures

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

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. In addition to its use by management, Tidewater Renewables also believes Adjusted EBITDA is a measure widely used by securities analysts, investors, lending institutions and others to evaluate the financial performance of the Corporation and other companies in the renewable industry. The Corporation issues guidance on this key measure. As a result, Adjusted EBITDA is presented as a relevant measure in the MD&A to assist analysts and readers in assessing the performance of the Corporation as seen from management’s perspective. Investors should be cautioned that Adjusted EBITDA should not be construed as alternatives to net income, net cash provided by (used in) operating activities or other measures of financial results determined in accordance with GAAP as an indicator of the Corporation’s performance and may not be comparable to companies with similar calculations.

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

	Three months ended March 31,	
(in thousands of Canadian dollars)	**2023**	2022
Net income (loss)	**$ (21,477)**	$ 17,514
Deferred income tax expense (recovery)	**(7,662)**	6,443
Depreciation	**4,924**	4,688
Finance costs	**5,407**	774
Share-based compensation	**1,720**	450
Unrealized loss (gain) on derivative contracts	**37,035**	(17,185)
Loss (gain) on warrant liability revaluation	**(7,250)**	-
Transaction costs	**80**	53
Non-recurring transactions	**337**	-
Adjustment to share of profit from equity accounted investments [1]	**(479)**	-
Adjusted EBITDA	**$ 12,635**	$ 12,737

(1) For the three months ended March 31, 2023, Adjusted EBITDA includes $294 from its proportionate share of RCC's Adjusted EBITDA.

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 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. Deducted from distributable cash flow are maintenance capital expenditures, including turnarounds, 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. It 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 March 31,	
(in thousands of Canadian dollars)	**2023**	2022
Net cash provided by operating activities	**$ 11,449**	$ 19,285
Add (deduct):		
Changes in non-cash working capital	**(288)**	(6,660)
Transaction costs	**80**	53
Non-recurring transactions	**337**	-
Interest and financing charges	**(3,004)**	(556)
Payment of lease liabilities	**(1,613)**	(1,471)
Maintenance capital	**(1,688)**	(2,735)
Distributable cash flow	**$ 5,273**	$ 7,916

Growth capital expenditures will be funded from net cash provided by operating activities, along with proceeds from additional debt or equity, as required.

Run Rate EBITDA

Run rate EBITDA is defined as the expected Adjusted EBITDA to be generated by Tidewater Renewables' specific Renewable Assets, or specific growth project, that corresponds to a full year of operations at full capacity. Run rate EBITDA excludes non-cash items including depreciation and share-based compensation. The calculation of run rate EBITDA is based on certain estimates and assumptions. It should not be regarded as a representation, by the Corporation or any other person, that Tidewater Renewables will achieve such operating results. Investors should not place undue reliance on the run rate EBITDA and should make their own independent assessment of the Corporation's future results or operations, cash flows and financial condition.

Run rate EBITDA guidance related to the HDRD Complex contains various assumptions including a renewable refinery margin of $90/bbl. The renewable refinery margin is derived from vegetable oil strip pricing for the Corporation's feedstocks, which are approximately 50% hedged through 2023 and 2024, current diesel strip pricing, the Corporation's previously announced CFR credit sales and average BC LCFS credits sale prices over the past 12-months.

Non-GAAP Financial Ratios

The Corporation uses the following non-GAAP financial ratios to present aspects of its financial performance or financial position, including distributable cash flow per common share.

Distributable cash flow per common share

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 ended March 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 March 31,			
(in thousands of Canadian dollars except per share information)		**2023**		2022
Distributable cash flow	**$**	**5,273**	$	7,916
Weighted average common shares outstanding– basic & diluted		**34,720**		34,712
Distributable cash flow per share– basic & diluted	**$**	**0.15**	$	0.23

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 21 of the consolidated financial statements for the year ended December 31, 2022.

Net Debt

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

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

The following table reconciles net debt:

(in thousands of Canadian dollars)	**March 31, 2023**	**December 31, 2022**
Senior Credit Facility	**$ 129,491**	$ 72,611
Term Debt	**150,000**	150,000
Cash	**(939)**	(11,379)
Net debt	**$ 278,552**	$ 211,232

Supplementary Financial Measures

Growth Capital

Growth capital expenditures are generally defined as expenditures which are recoverable, incrementally increase cash flow or earnings potential of assets, expand the capacity of current operations, or significantly extend the life of existing assets. This measure is used by the investment community to assess the extent of discretionary capital spending.

Maintenance Capital

Maintenance capital expenditures are generally defined as expenditures that support and/or maintain the current capacity/ cash flow or earnings 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 is used by the investment community to assess the extent of non-discretionary capital spending.

OPERATIONAL DEFINITIONS

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

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

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

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

"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).

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" 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 operational and financial performance of the Corporation's Renewable Assets, including the HDRD Complex and the RNG Facility, as well as expectations regarding generating revenue, revenues and operating expenses; the expectation that the Corporation will be able to grow its revenue, actively maintain and manage its Renewable Assets, including the HDRD Complex and the RNG Facility, 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 its projects and related milestones and capital costs; the expectation that the Corporation will continue to see strong industry fundamentals, including robust prices for renewable fuels and strong demand for environmental credits, driven by escalating compliance requirements and new voluntary commitments; the expectation that the HDRD Complex will be, when commissioned, Canada's first standalone renewable diesel facility; the expectation that the HDRD Complex is approaching commercial production by the end of Q2 2023; the expectation that the HDRD Complex will undergo a gradual production ramp-up in the second half of 2023, with an average utilization rate between 75 – 80% of its design capacity; the expectation that the gross project costs for the HDRD Complex will be approximately $342 million and the project's payback is expected within two to three years; estimates of, and guidance with respect to forecasted run rate EBITDA for the HDRD Complex and Adjusted EBITDA for both the Corporation and the HDRD Complex, including (i) the expectation that the HDRD Complex will contribute approximately $35 – 45 million of Adjusted EBITDA ($70 – 90 million annualized) in the second half of 2023, (ii) the expectation that second-half 2023 corporate Adjusted EBITDA will range between $50 – 60 million, inclusive of $35 – 45 million of Adjusted EBITDA from the HDRD Complex, and (iii) the expectation that the HDRD Complex will generate annualized run rate EBITDA of between $90 – 115 million when the it is operating at its design capacity; the ability to leverage existing infrastructure, regulatory frameworks, 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, including that majority of the underserved regional demand will continue to be served by the PGR; expectations around the Corporation's receipt of BC LCFS credits and CFR credits; anticipated revenue from future sales of BC LCFS credits and CFR credits, including future pricing thereof; the expectation that both (i) the combined $50.0 million of additional debt capacity with its existing creditors and (ii) the receipt of $43.2 million of proceeds from the sale of incremental capital emissions credits, will be sufficient to complete and commission the HDRD Complex; the expectation that the Corporation will continue to make payments under, and comply with the covenants in, both its Senior Credit Facility and the AIMCo Facility; the expectation that the combined $50.0 million of additional debt capacity with its existing creditors will be repaid within the next 12 months; 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 the duration and effect 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; timing and cost of completion of the HDRD Complex, including that the project will remain on budget and on schedule; the ownership and operation of Tidewater Renewables' business; regulatory risks, including changes or delay to the BC LCFS credit or CFR credit systems; the expansion of production of renewable fuels by competitors; the future pricing of BC LCFS credits and CFR 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 CFR credits; foreign currency, exchange, inflation and interest rate risks; and the other assumptions set forth in the Corporation's most recent AIF available under the Corporation's profile on SEDAR at www.sedar.com.

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 AIF and in other documents on file with the Canadian Securities regulatory authorities available under the Corporation's profile on SEDAR at www.sedar.com.

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 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 AIF available under the Corporation's profile on SEDAR at www.sedar.com.

The foregoing lists are not exhaustive. Additional information on these and other factors which could affect the Corporation's operations or financial results are included in the Corporation's most recent AIF and in other documents on file with the Canadian Securities regulatory authorities at www.sedar.com.

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 AIF and other filings made by the Corporation with Canadian provincial securities commissions available under the Corporation's profile on SEDAR at www.sedar.com.

Financial Outlook

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about expectations regarding financial results for 2023 and 2024, including Adjusted EBITDA and annual run rate EBITDA, 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.