TIDEWATER

Renewables Ltd.

Management's Discussion and Analysis

For the three and nine month periods ended September 30, 2024

November 13, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (the "MD&A") of the condensed interim consolidated financial and operating results of Tidewater Renewables Ltd. ("Tidewater Renewables" or the "Corporation") is dated November 13, 2024, and should be read in conjunction with Tidewater Renewables' condensed interim consolidated financial statements as at and for the three and nine month periods ended September 30, 2024, and 2023 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which represent generally accepted accounting principles ("GAAP"). This MD&A contains non-GAAP measures which are used to measure and analyze financial performance, financial position and cash flow and therefore may not be comparable to similar measures presented by other entities. This MD&A also contains forward-looking statements. Readers are cautioned that the MD&A should be read in conjunction with Tidewater Renewables' disclosure under "Non-GAAP and Other Financial Measures" and "Forward-Looking Information" included at the end of this MD&A. Unless otherwise indicated, referencing to "$" or "dollars" are to Canadian dollars.

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

BUSINESS OVERVIEW

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

Tidewater Renewables' assets are located in Alberta and British Columbia (collectively the "Renewable Assets"). The Corporation's Renewable Diesel & Renewable Hydrogen ("HDRD Complex") is located adjacent to the Prince George Refinery (the "PGR"), which is owned by the Corporation's controlling shareholder, Tidewater Midstream and Infrastructure Ltd. ("Tidewater Midstream"). Tidewater Renewables' other assets, including the Corporation's investment in Rimrock Renewables Limited Partnership ("RNG LP"), which is currently developing a renewable natural gas facility (the "RNG Facility"), and the Corporation's joint venture investment in the Rimrock Cattle Company, are located in southern Alberta. See "Financial Highlights" 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

- On September 12, 2024, Tidewater Renewables completed a related party transaction with Tidewater Midstream, selling its canola co-processing and fluid catalytic cracking infrastructure, various refinery interests, and the natural gas storage facility, along with the assumption of certain liabilities, for cash proceeds of $122.0 million. As part of the asset sale, the contracted take-or-pay and operating agreements were terminated, effective August 1, 2024. Additionally, Tidewater Midstream assigned the right to receive certain British Columbia Low Carbon Fuel Standard ("BC LCFS") credits to the Corporation with a value of $7.7 million. The cash proceeds were used to repay amounts outstanding on the Corporation's first lien senior credit facility.

- In connection with the related party assets sale, the Corporation also entered into an agreement to sell BC LCFS credits to Tidewater Midstream, from July 2024 to March 2025, for minimum cash proceeds of approximately $77.5 million, assuming the Corporation's HDRD Complex continues to operate at over 90% utilization.

- On September 12, 2024, Tidewater Renewables closed the sale of assets from its used cooking oil feedstock business, generating total proceeds of $10.6 million. The proceeds from this transaction were used to reduce outstanding debt on the first lien senior credit facility.

- Concurrent with the closing of the above transactions, the Company successfully completed the refinancing of its first and second lien credit facilities. The aggregate principal amount of the first lien credit facilities was reduced from $175.0 million to $30.0 million, and the maturity date was extended to February 28, 2026. Additionally, the maturity of the $25.0 million tranche B second lien credit facility was also extended to February 28, 2026.

- For the three months ended September 30, 2024, the Corporation reported a net loss attributable to shareholders of $367.1 million, compared to net loss attributable to shareholders of $9.4 million in the third quarter of 2023. The increase in the loss was driven by losses incurred on the sale of assets, and realized losses on derivative contracts, as well as higher financing costs, which were partially offset by higher operating income and deferred tax recoveries.

- During the third quarter of 2024, Tidewater Renewables generated Adjusted EBITDA[(1)] of $13.6 million, a decrease of 6% from the third quarter of 2023 and a decrease of 54% from the second quarter of 2024. The decrease was attributed to the sale of EBITDA generating assets and the termination of the take-or-pay contracts effective August 1, 2024, partially offset by the sale of emission credits in the third quarter that were priced during the first half of 2024, before the significant decline in emission credit prices.

- The HDRD Complex achieved average daily throughput of 2,849 bbl/d during the third quarter of 2024, representing a 95% utilization rate. Over 140 million liters of renewable diesel has been produced and sold into the local British Columbia market since the HDRD Complex commenced commercial operations in November 2023.

- Tidewater Renewables continues to make significant progress on the front-end engineering design ("FEED") of its proposed 6,500 bbl/d sustainable aviation fuel project. The project remains contingent upon a final investment decision which is anticipated in 2025.

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

- Tidewater Renewables has been actively engaged in discussions with the Government of Canada and the Government of British Columbia regarding potential modifications to low carbon fuel policies that currently allow subsidized United States ("U.S.") renewable diesel producers to take advantage of overlapping U.S. and Canadian policies.

- The Corporation has engaged external trade law counsel for the purposes of advising on and preparing a trade remedy complaint against renewable diesel imports from the U.S. that management believes are unfairly priced and having a significant negative impact on the competitiveness of our domestic operations. Based on available information and advice, management believes that a trade case against renewable diesel imports from the U.S. has a reasonably high likelihood of success. Preparation of the Corporation's trade complaint is progressing at pace. Filing of a complaint may occur before the close of 2024 and, if a government investigation initiates and concludes that unfairly traded imports are harming Canadian production, duty relief would then be available in 2025.

OUTLOOK AND CORPORATE UPDATE

Related party asset sales and forward credit sales

On September 12, 2024, the Corporation announced the closing of the previously announced related party asset sale transaction with Tidewater Midstream (the "Transaction").

As part of the Transaction, the Corporation and Tidewater Midstream entered into an Assets Sale Agreement, pursuant to which the Corporation sold its canola co-processing infrastructure, the fluid catalytic cracking co-processing infrastructure, working interests in various other Prince George refinery units, and a natural gas storage facility co-located at Tidewater Midstream's Brazeau River Complex (collectively the "Divested Assets") to Tidewater Midstream for cash proceeds of $122.0 million, plus the assumption by Tidewater Midstream of certain of our liabilities relating to the Divested Assets. In addition, as part of the consideration, Tidewater Midstream assigned the right to receive certain BC LCFS credits to the Corporation with a minimum value of $7.7 million. The cash proceeds for the Divested Assets were used to repay amounts outstanding on the Corporation's first lien senior credit facility.

The Divested Assets historically generated annual Adjusted EBITDA(1) of $40.0 million to $50.0 million through previously contracted take-or-pay or operating agreements with Tidewater Midstream. As part of the Transaction, the contracted take-or-pay and operating agreements were terminated effective August 1, 2024. For the three and nine months ended September 30, 2024, the Adjusted EBITDA(1) attributable to divested assets was $5.0 million and $34.5 million, respectively.

In connection with the Transaction, Tidewater Midstream and Tidewater Renewables also entered into an Agreement for the Purchase and Sale of Credits, pursuant to which Tidewater Midstream purchased BC LCFS credits from Tidewater Renewables on September 12, 2024, for an aggregate purchase price of approximately $7.2 million, and will also purchase additional BC LCFS credits (subject to certain monthly average limits) from Tidewater Renewables until March 31, 2025, for total cash proceeds of approximately $77.5 million (assuming the HDRD Complex continues to operate at over 90% utilization). A portion of such BC LCFS credits are being purchased subject to the exercise of a put option in favour of Tidewater Renewables and/or a call option in favour of Tidewater Midstream.

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

Refinancing and extension of credit facilities

Concurrent with closing of the Transaction, Tidewater Renewables refinanced its first lien senior credit facility (the "Senior Credit Facility"). The aggregate principal amount was reduced from $175.0 million to $30.0 million, certain terms were amended and the maturity date was extended from September 18, 2024 to February 28, 2026. Also concurrent with the closing of the Transaction, the maturity of the $25.0 million tranche B second lien credit facility has been extended from September 18, 2024 to February 28, 2026 (with the $150.0 million tranche A second lien credit facility maturity date remaining unchanged at October 24, 2027). A new $33.0 million tranche C second lien credit facility was also added, for the purpose of refinancing the Senior Credit Facility in certain circumstances. The terms of the tranche A and B second lien facilities were also amended in a manner consistent with the amended first lien facility.

In conjunction with the extension of Tidewater Renewables' second lien credit facilities, which are provided by an affiliate of the Alberta Investment Management Corporation ("AIMCo"), the Corporation issued to an affiliate of AIMCo warrants (the "2024 Warrants") to acquire 1.0 million common shares of Tidewater Renewables at an exercise price of $3.99 per share. For additional information on the refinancing of the Tidewater Renewables credit facilities, readers should refer to the **LIQUIDITY AND CAPITAL RESOURCES** section of this MD&A and the Condensed Interim Consolidated Financial Statements for the three and nine month periods ended September 30, 2024, an electronic copy of which is available on Tidewater Renewables' SEDAR+ profile at www.sedarplus.ca.

The completion of the Transaction improved Tidewater Renewables' leverage profile and reduced cash interest costs, thereby helping to address short-term liquidity issues caused by the significant decline in BC LCFS credit prices attributed to the overlapping U.S. and Canadian low carbon fuel policies, and the resulting inflow of U.S. renewable diesel from the oversupplied U.S. renewable fuel market into the higher value British Columbia market.

While the transactions immediately enhanced Tidewater Renewables' leverage profile and reduced cash interest costs, uncertainty remains regarding the future market demand for, and prices of BC LCFS and CFR emission credits. If such emission credit prices and the demand for such emission credits do not recover before the second quarter of 2025, the Corporation's ongoing operations, financial position and liquidity will be significantly and adversely impacted.

In the longer-term, Tidewater Renewables believes that the combination of supply and demand fundamentals forcing the shut-in of high-cost U.S. renewable fuel production, tightening California LCFS compliance obligations, and tightening BC LCFS compliance obligations, should ease the pricing pressure on, and increase the demand for, BC LCFS credits and renewable diesel. In addition, cold weather diesel specifications are expected to limit physical imports of renewable diesel into BC in the fourth quarter of 2024 and first quarter of 2025 which should also assist in increasing demand and easing pricing pressures.

Regulatory engagement and trade actions to support competitive and sustainable growth in the Canadian renewable diesel market

Tidewater Renewables has engaged in discussions with the Government of Canada and the Government of British Columbia to discuss potential changes the Governments could make to the low carbon fuel regulations in an effort to improve liquidity and pricing stability for emissions credits. Further, the Corporation has engaged external trade law counsel for the purpose of advising on and preparing a trade remedy complaint against renewable diesel imports from U.S. that management believes are unfairly priced and having a significant negative impact the competitiveness of our domestic operations. We are seeking fair competition to support the viability and further growth of the Canadian renewable diesel industry, which will also enhance Canadian energy security. If a government investigation initiates and concludes that unfairly traded imports are harming Canadian production, duty relief would then be available in 2025.

Alternative plans and risks

Looking ahead, if no substantive changes to the regulations have been implemented by the end of the first quarter of 2025, and if no regulatory relief is forthcoming in response to the Corporation's anti-dumping and anti-subsidization complaint, Tidewater Renewables will be compelled to consider alternative strategies to address the challenges facing the business. Additionally, if there are no indications of demand and price recovery in the emissions credit market by that time, the Corporation may need to take actions to ensure its financial stability and sustainability.

In such circumstances, the Corporation may explore options including, but not limited to, further asset dispositions, corporate restructuring, alternative debt and equity financing, and refinancing arrangements. Should these efforts ultimately prove insufficient or unsuccessful, the Corporation's ability to continue as a going concern may be in jeopardy. The Corporation is fully aware of the potential risks and challenges inherent in these courses of action and will take all necessary steps to protect the interests of its stakeholders while navigating these difficult market conditions and decisions.

FINANCIAL HIGHLIGHTS

(in thousands of Canadian dollars except per share information)	**Three months ended September 30, 2024**	Three months ended September 30, 2023	**Nine months ended September 30, 2024**	Nine months ended September 30, 2023
Revenue	**$ 91,625**	$ 24,244	**$ 350,102**	$ 57,303
Net loss attributable to shareholders	**$ (367,116)**	$ (9,449)	**$ (354,461)**	$ (28,272)
Net loss attributable to shareholders per share – basic and diluted	**$ (10.46)**	$ (0.27)	**$ (10.15)**	$ (0.81)
Adjusted EBITDA [(1)]	**$ 13,630**	$ 14,531	**$ 68,470**	$ 35,233
Net cash provided by operating activities	**$ 3,134**	$ 1,522	**$ 76,086**	$ 5,623
Distributable cash flow [(1)]	**$ 4,488**	$ 3,209	**$ 37,595**	$ 605
Distributable cash flow per share – basic [(1)]	**$ 0.13**	$ 0.09	**$ 1.08**	$ 0.02
Distributable cash flow per share – diluted [(1)]	**$ 0.13**	$ 0.09	**$ 1.04**	$ 0.02
Total common shares outstanding (000s)	**36,327**	34,727	**36,327**	34,727
Total assets	**$ 420,228**	$ 1,049,533	**$ 420,228**	$ 1,049,533
Net debt [(1)]	**$ 183,318**	$ 334,114	**$ 183,318**	$ 334,114

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

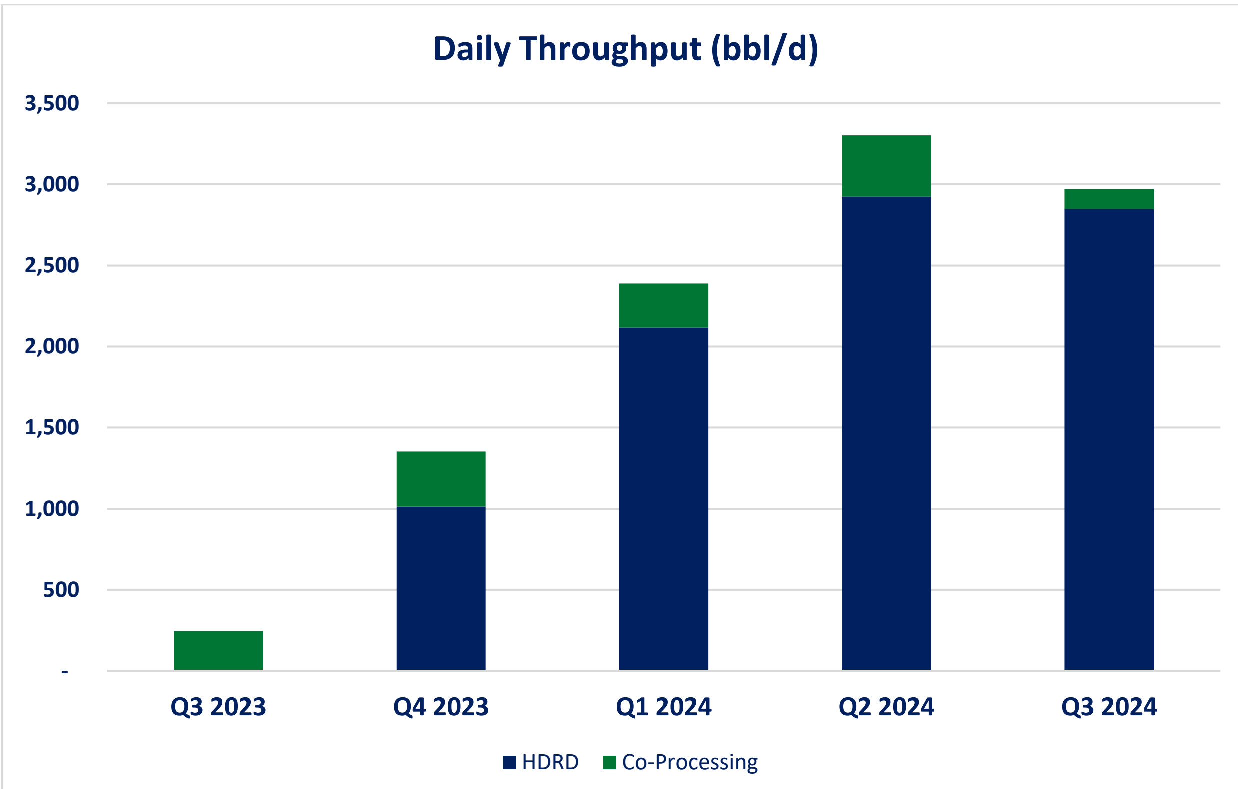
HDRD Complex and renewable fuel assets

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 Corporation also owned co-processing infrastructure at the PGR which also produced renewable fuels. The co-processing infrastructure was sold to Tidewater Midstream as part of the Transaction, and the contracted take-or-pay and operating agreements were terminated effective August 1, 2024.

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

Tidewater Renewables' primary focus continues to be on maintaining a high and consistent utilization rate at the HDRD Complex. For the nine months ended September 30, 2024, the HDRD Complex has achieved average utilization of 2,630 bbl/d, representing 88% of design capacity, and the Corporation expects full year utilization to exceed the previously announced target of 2,550 bbl/d, representing 85% of design capacity.

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.



During the third quarter of 2024, the HDRD Complex and co-processing units averaged throughput of 2,849 bbl/d and 122 bbl/d, respectively, and the nine month period ending September 30, 2024 averaged 2,630 bbl/d and 257 bbl/d, respectively.

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

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

Renewable natural gas assets

RNG LP, which holds the RNG Facility interest and rights, is currently developing a RNG Facility in Foothills County, Alberta. A final investment decision on the RNG Facility remains subject to municipal land use approvals, commercial arrangements and final engineering and cost estimates.

CAPITAL PROGRAM

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

The centerpiece of Tidewater Renewables’ 2024 growth capital program is the front-end engineering design (“FEED”) of a proposed 6,500 bbl/d SAF project in British Columbia. This project is being developed under a joint development agreement with Tidewater Midstream, whereby both parties have the right to participate in up to 50% of the project upon a final investment decision. The SAF project is expected to leverage many of the same processes used in the Corporation’s HDRD Complex.

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

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

RESULTS OF OPERATIONS

Financial Overview

(in thousands of Canadian dollars except per share information)	Three months ended September 30, **2024**	Three months ended September 30, 2023	Nine months ended September 30, **2024**	Nine months ended September 30, 2023
Revenue	**$ 91,625**	$ 24,244	**$ 350,102**	$ 57,303
Operating expenses	**$ 63,243**	$ 11,646	**$ 246,407**	$ 26,968
General and administrative	**$ 1,893**	$ 2,622	**$ 6,965**	$ 6,265
Share-based compensation	**$ 394**	$ 553	**$ 281**	$ 3,908
Depreciation	**$ 5,610**	$ 5,945	**$ 24,508**	$ 16,133
Finance costs and other	**$ 13,483**	$ 6,620	**$ 33,138**	$ 16,569
Realized loss (gain) on derivative contracts	**$ 13,876**	$ (1,902)	**$ 31,899**	$ (3,305)
Unrealized (gain) loss on derivative contracts	**$ (13,268)**	$ 12,558	**$ (13,585)**	$ 40,398
Gain on warrant liability revaluation	**$ (1,770)**	$ (190)	**$ (2,715)**	$ (8,160)
Loss (income) from equity investments	**$ 664**	$ 674	**$ (797)**	$ 3,260
Loss on sale of assets	**$ 491,028**	$ -	**$ 491,028**	$ -
Impairment expense	**$ 801**	$ -	**$ 801**	$ -
Transaction costs	**$ 1,532**	$ 10	**$ 1,537**	$ 111
Deferred income tax recovery	**$ (118,745)**	$ (3,495)	**$ (114,904)**	$ (10,052)
Net loss income attributable to shareholders	**$ (367,116)**	$ (9,449)	**$ (354,461)**	$ (28,272)
Net loss income attributable to shareholders per share – basic and diluted	**$ (10.46)**	$ (0.27)	**$ (10.15)**	$ (0.81)

Revenue

Revenue increased to $91.6 million in the third quarter of 2024, compared to $24.2 million in the third quarter of 2023. Revenue for the nine months ended September 30, 2024 was $350.1 million, compared to $57.3 million for the same period in 2023. The increase for both periods was driven by the commencement of operations at the HDRD Complex and the sale of blended renewable fuels to customers. Revenue for the three and nine months ended September 30, 2024, includes approximately $42.2 million and $128.2 million of operating emission credit sales, respectively. For the same periods of 2023, there were no operating emission credit sales.

Operating Expenses

Operating expenses for the three and nine months ended September 30, 2024 were $63.2 million and $246.4 million, respectively, compared to $11.6 million and $27.0 million, respectively, in the corresponding periods in 2023. The increase was primarily attributable to the commencement of operations at the HDRD Complex and the purchase of blending fuels from Tidewater Midstream during the first nine months of 2024.

General and Administrative

General and administrative ("G&A") expenses for the third quarter of 2024 were $1.9 million, compared to $2.6 million in the third quarter of 2023. G&A expenses for the nine months ended September 30, 2024, were $7.0 million, compared to $6.3 million for the nine months ended September 30, 2023. G&A expenses in the comparative periods were reduced by the capitalization of corporate costs to the HDRD project, which ceased when the HDRD Complex commenced commercial operations in November 2023. G&A expenses for 2024 were higher due to one-time employee severance costs, however the year-to-date expenses were partially offset by lower deferred compensation payments.

Share-Based Compensation

For the three and nine months ended September 30, 2024, the Corporation's share-based compensation expense decreased to $0.4 million and $0.3 million, respectively, compared to expenses of $0.6 million and $3.9 million, respectively, for the same periods in 2023. The decrease was primarily attributable to share award forfeitures and cancellations.

Depreciation

Depreciation relates to the Corporation's property, plant and equipment, and right-of-use assets. Assets under construction are not depreciated until they commence operations. Depreciation for the three and nine months ended September 30, 2024, was $5.6 million and $24.5 million, respectively, compared to $5.9 million and $16.1 million for the same periods in 2023, respectively. In both periods, depreciation expense was primarily attributed to the HDRD Complex, which commenced commercial operations in November 2023. However, the decline in depreciation during the third quarter of 2024 can be attributed to a reduction in depreciable assets, resulting from asset disposals completed during the quarter compared to the same period in 2023.

Finance Costs and Other

Finance costs and other expenses for the third quarter of 2024 were $13.5 million, compared to $6.6 million for the same period in 2023. Finance costs and other for the nine months ended September 30, 2024, were $33.1 million, compared to $16.6 million for the same period of 2023. For both periods, the increase was largely due to the absence of capitalized interest in 2024. During the current quarter, an unrealized loss on investments recognized at fair value, also contributed to the higher financing costs, compared to the same period of 2023.

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

Realized Gains or Losses on Derivative Contracts

The Corporation uses forward financial contracts to protect operating income against volatility in commodity prices. During the third quarter of 2024, the Corporation recognized a realized loss of $13.9 million on derivative contracts, compared to a gain of $1.9 million for the same period in 2023. Realized losses on derivative contracts for the nine months ended September 30, 2024 were $31.9 million, compared to realized gains of $3.3 million for the same period in 2023. The realized losses on derivative contracts relate to lower average commodity prices for soybean oils in 2024. Generally, realized gains and losses on derivative contracts resulting from fluctuations in feedstock and energy prices are partially offset by an inverse gain or loss on physical product purchases and sales.

Unrealized Gains or Losses on Derivative Contracts

The Corporation recorded a non-cash unrealized gain of $13.3 million for the three months ended September 30, 2024, compared to an unrealized loss of $12.6 million for the same period in 2023. Unrealized gains on derivative contracts for the nine months ended September 30, 2024 were $13.6 million, compared to an unrealized loss of $40.4 million for the same period in 2023. The changes in unrealized gains and losses are primarily due to pricing changes in the Chicago Board of Trade soybean oil futures market.

Gains on Warrant Liability Revaluation

On September 12, 2024, in conjunction with the amended and restated second lien credit facilities, the Corporation issued 1.0 million warrants. Each warrant entitles the holder to purchase one common share of Tidewater Renewables for a term of five years. Due to their exercise features the warrants are measured at fair value at each reporting period.

The Corporation recognized non-cash revaluation gains of $2.6 million and $3.6 million for the three and nine months ended September 30, 2024, respectively, from remeasuring the warrants to their fair value. The revaluation gains are due to the Corporation's lower closing share price and the shorter period to expiry.

Income from Equity Investment

During the three ended September 30, 2024, the Corporation's investment in Rimrock Cattle Company Ltd. ("RCC") incurred a loss of $0.7 million, compared to income of $0.7 million for the same period in 2023. The decline was primarily attributable to reduced cattle margins, which were partially offset by lower income taxes. For the nine months ended September 30, 2024, the Corporation's investment in RCC generated income of $0.8 million, a decrease from income of $3.3 million in the same periods in 2023. The decline in income was primarily due to lower cattle margins partially offset by lower income taxes.

Loss on sale of assets

Tidewater Renewables recognized a loss of $491.0 million on sale of assets which is primarily attributable to the Transaction, partially offset by a gain on the sale of assets from the Corporation's non-core used cooking oil feedstock business. Readers should refer to the **OUTLOOK AND CORPORATE UPDATE** section of this MD&A for additional discussion.

Impairment

During the quarter, the Corporation initiated the process to divest its interest in RNG LP, classifying it as held for sale at September 30, 2024. Consequently, an impairment charge was recognized on the Corporations investment in RNG LP. Readers should refer to note 6 of the Condensed Interim Consolidated Financial Statements for the three and nine month periods ended September 30, 2024, an electronic copy of which is available on Tidewater Renewables' SEDAR+ profile at www.sedarplus.ca.

Transaction costs

Transaction costs of $1.5 million for both the three and nine months ended September 30, 2024, relate to external legal counsel and financial advisors engaged for the Transaction and the sale of assets from the Corporation's used cooking oil feedstock business.

Deferred Tax

The deferred tax recovery for the three and nine months ended September 30, 2024, was $118.7 million and $114.9 million, respectively, compared to a deferred tax recovery of $3.5 million and $10.1 million, respectively, for the same periods in 2023. The increase in the recovery was driven by the disposition of assets as a result of the Transaction.

Net Income and Loss Attributable to Shareholders

During the three and nine months ended September 30, 2024, the Corporation reported net losses attributable to shareholders of $367.1 million and $354.5 million, respectively, compared to net losses attributable to shareholders of $9.4 million and $28.3 million, respectively, for the same periods of 2023. The increased losses were primarily driven by losses incurred on the sale of assets, and realized losses on derivative contracts, as well as higher financing costs, which were partially offset by higher operating income and deferred tax recoveries, as compared to the same period of 2023.

Capital Expenditures

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

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Growth capital [1]	**$ 309**	$ 30,670	**$ 13,520**	$ 156,085
Maintenance capital [1]	**1,134**	3,026	**2,251**	15,061
Expenditures on property, plant and equipment as per statement of cash flows	**$ 1,443**	$ 33,696	**$ 15,771**	$ 171,146
Capital emissions credits awarded [2]	**$ (9,271)**	$ (3,900)	**$ (42,896)**	$ (82,440)

(1) Refer to supplementary financial measures. See the "Non-GAAP and Other Financial Measures" section of this MD&A.
(2) During the three and nine months ended September 30, 2024, $2.4 million and $36.0 million of capital emissions credits were monetized.

Growth Capital

Growth capital expenditures for the third quarter of 2024 were $0.3 million, compared to $30.7 million for the third quarter of 2023. During the nine months ended September 30, 2024, growth capital expenditures were $13.5 million, compared to $156.1 million for the same period of 2023. Tidewater Renewable's 2024 growth capital relates to optimizing the HDRD Complex and advancing engineering on its SAF project. In the third quarter of 2024, the Corporation received emission credits in connection with achieving a six-month operational milestone at the HDRD complex, as well as for reaching the third of six milestones outlined in an executed incentive agreement for the SAF project.

The 2023 growth capital program focused on the construction and commissioning of the HDRD Complex.

Maintenance Capital

Tidewater Renewables places a high priority on the maintenance of its assets to provide safe operating conditions for its employees and reliable services to its customers. Maintenance capital expenditures for the third quarter of 2024 were $1.1 million, compared to $3.0 million for the third quarter of 2023. During the nine months ended September 30, 2024, maintenance capital expenditures were $2.3 million, compared to $15.1 million for the same period of 2023. The decrease in maintenance capital was primarily attributable to the PGR maintenance turnaround which took place in the second quarter of 2023, as well as the sale of assets to Tidewater Midstream, effective August 1, 2024.

SUMMARY OF QUARTERLY RESULTS

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

(In thousands of Canadian dollars, except per share information)	**Q3 2024**	Q2 2024	Q1 2024	Q4 2023
Revenue	**$ 91,625**	$ 147,238	$ 111,239	$ 40,376
Net (loss) income attributable to shareholders	**$ (367,116)**	$ 4,935	$ 7,720	$ (12,747)
Net (loss) income per share attributable to shareholders – basic	**$ (10.46)**	$ 0.14	$ 0.22	$ (0.37)
Net (loss) income per share attributable to shareholders – diluted	**$ (10.46)**	$ 0.14	$ 0.21	$ (0.37)
Adjusted EBITDA (1)	**$ 13,630**	$ 29,570	$ 25,270	$ 10,708

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

(In thousands of Canadian dollars, except per share information)	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue	$ 24,244	$ 13,163	$ 19,896	$ 19,422
Net (loss) income attributable to shareholders	$ (9,449)	$ 2,654	$ (21,477)	$ 14,132
Net (loss) income per share attributable to shareholders – basic	$ (0.27)	$ 0.08	$ (0.62)	$ 0.41
Net (loss) income per share attributable to shareholders – diluted	$ (0.27)	$ 0.07	$ (0.62)	$ 0.40
Adjusted EBITDA (1)	$ 14,531	$ 8,067	$ 12,635	$ 16,717

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

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

- three full quarters of commercial operations at the HDRD Complex;
- losses recognized on the sale of assets, leading to a deferred tax recovery;
- volatility in unrealized gains and losses on derivative contracts as a result of price movement in the commodities hedged by the Corporation;
- imports of subsidized US renewable diesel into the BC market that reduced demand for emission credits; and
- higher finance costs due to lower capitalized interest.

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

On September 30, 2024, the Corporation had negative working capital of $3.0 million, nominal cash and cash equivalents, and cash flow provided by operating activities of $76.1 million for the nine months ended September 30, 2024.

As disclosed in the Corporation's MD&A for the three and six months ended June 30, 2024, Tidewater Renewables had insufficient cash to fund its operations for the next 12 months if the Corporation's sales declined and/or the Senior Credit Facility and tranche B facility under the Second Lien Credit Facility matured without extension or refinancing. During the third quarter of 2024, the Corporation successfully completed the previously announced proposed transaction with Tidewater Midstream. Readers should refer to the **RELATED PARTY ASSET SALES AND FORWARD CREDIT SALES** and **REFINANCING AND EXTENSION OF CREDIT FACILITIES** section of this MD&A for additional discussion. While the transactions improved Tidewater Renewables' leverage profile and reduced cash interest costs, uncertainty remains regarding the future market demand for, and prices of, emission credits, and there can be no assurances that the future market prices for emission credits will recover to historical levels. Tidewater Renewables relies heavily on the revenue and cash flow generated from the sale of emission credits, and if emission credit prices, and the demand for such emission credits do not recover before the second quarter of 2025, the Corporation's ongoing operations, financial position and liquidity will be significantly and adversely impacted. In such circumstances, the Corporation may assess a range of strategic alternatives, including but not limited to, additional asset divestitures, corporate restructuring, or the pursuit of alternative financing and refinancing solutions. If these measures ultimately prove insufficient or unsuccessful to address the Corporation's financial pressures, the Corporation's ability to continue as a going concern may be in jeopardy. The Corporation is acutely aware of the potential risks associated with these alternatives and remains committed to taking all necessary steps to protect the interests of its stakeholders during these difficult market conditions.

During the third quarter of 2024, Tidewater Renewables initiated the process to divest certain non-core renewable assets. These assets are classified as held for sale in the Corporation's Financial Statements. This decision to divest the assets aligns with Tidewater Renewables' ongoing efforts to optimize its asset portfolio, enhance its liquidity, and strengthen its balance sheet.

Further to the Corporations deleveraging strategy, on September 12, 2024, Tidewater Renewables completed the sale of assets from its used cooking oil feedstock business for total proceeds of $10.6 million. $2.0 million of the proceeds is currently held in escrow to be released to Tidewater Renewables upon the satisfaction of customary post-closing conditions. The net proceeds of this transaction were used to reduce debt levels and interest costs.

Debt Borrowings

Senior Credit Facility

On August 15, 2024, the Corporation obtained an extension on its $175.0 million Senior Credit Facility from August 18, 2024 to August 30, 2024. On August 30, 2024, the Corporation obtained an additional extension on the Senior Credit Facility from August 30, 2024 to September 18, 2024.

On September 12, 2024, upon receiving the proceeds from the Transaction and immediately prior to the facility being amended, the Corporation repaid amounts outstanding under the syndicated portion of the Senior Credit Facility. Thereafter, the Corporation's Senior Credit Facility was amended and restated ("Fourth ARCA"). The total aggregate availability under the Fourth ARCA was reduced from $175.0 million to $30.0 million, and the maturity date was extended from September 18, 2024 to February 28, 2026.

The Senior Credit Facility can be drawn in Canadian funds and bears interest at the agent bank's prime lending rate or adjusted Canadian Overnight Repo Rate Average ("CORRA") or Secured Overnight Financing Rate ("SOFR") lending rates, plus applicable margins and stamping fees.

Compliance by the Corporation with the quarterly financial covenants applicable to the bank debt has been waived until September 30, 2025.

Second lien credit facility

On October 24, 2022, the Corporation announced the closing of a five-year senior lien credit facility with a face value of $150.0 million (the "tranche A"), through an Alberta based pension fund (the "Term Lender"). The second lien credit facility was issued along with 3.4 million warrants, each of which entitles the holder to purchase one common share of Tidewater Renewables for a term of five years. On May 10, 2023, the second lien credit facility was amended and an additional $25.0 million was advanced (the "tranche B").

On August 15, 2024, the Corporation obtained an extension on its $25.0 million tranche B from August 18, 2024 to August 30, 2024. On August 30, 2024, the Corporation obtained an additional extension on the tranche B from August 30, 2024 to September 18, 2024.

On September 12, 2024, Tidewater Renewables amended and restated its second lien credit facility. The maturity of the $150.0 million tranch A remained unchanged and matures on October 24, 2027. The maturity of the $25.0 million of tranche B was extended from September 18, 2024 to February 28, 2026.

The $150 million tranche A under the second lien credit facility bears minimum interest at 6.5% for periods up to and including October 24, 2025, minimum 6.875% for periods between October 25, 2025 and October 24, 2026, and minimum 7.25% from October 25, 2026 up to but excluding the maturity date of October 24, 2027. The rates are subject to an annual CPI Index adjustment factor with a maximum cumulative increase of 4.0% per annum. The tranche B continues to bear interest at 9.5%, paid quarterly.

The $25.0 million tranche B is subject to variable quarterly repayments based on a portion of Tidewater Renewables' adjusted cash flows. The calculation of these adjusted cash flows is based on specific definitions in the agreements governing the second lien credit facility, are not in accordance with GAAP, and cannot be directly calculated by referring to Tidewater Renewables' consolidated financial statements. The tranche B can be repaid at Tidewater Renewables' option without penalty.

As part of the amended and restated agreement, a new $33.0 million tranche C second lien credit facility was also added for the purpose of refinancing the Senior Credit Facility in certain circumstances. The tranche C second lien credit facility can be drawn down by way of a single advance, bears interest at the adjusted CORRA rate plus 8.0% payable quarterly in arrears, and has a maturity of February 28, 2026.

The second lien credit facility is subordinated to and is subject to the same financial covenants as Tidewater Renewables' Senior Credit Facility. Compliance by the Corporation with the quarterly financial covenants applicable to the second lien credit facility has been waived until September 30, 2025.

In conjunction with the amended and restated second lien credit facility, Tidewater Renewables issued 1.0 million warrants, to an affiliate of the Term Lender, which entitles the holder to purchase 1.0 million Tidewater Renewables common shares at an exercise price of $3.99 per share for a term of five years. The exercise price represents a 50% premium to the 5 day volume weighted average trading price ("VWAP") of the common shares on the TSX prior to September 12, 2024.

On September 13, 2024, certain fees payable to the Term Lender as part of the second lien credit facility amendments were settled with the issuance of 1,449,239 common shares of Tidewater Renewables at the 10-day VWAP of the Tidewater Renewables common shares on the TSX.

Cash Flow Summary

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

Cash flows provided by (used in) *(in thousands of Canadian dollars)*	**Three months ended September 30,** **2024**	2023	**Nine months ended September 30,** **2024**	2023
Operating activities	**$ 3,134**	$ 1,522	**$ 76,086**	$ 5,623
Financing activities	**$ (141,543)**	$ 13,561	**$ (186,784)**	$ 94,915
Investing activities	**$ 136,443**	$ (36,699)	**$ 110,598**	$ (111,621)

Net Cash (Used in) Provided by Operating Activities

Net cash provided by operating activities was $3.1 million for the three months ended September 30, 2024, compared to net cash provided by operating activities of $1.5 million for the three months ended September 30, 2023. Net cash provided by operating activities for the nine months ended September 30, 2024 was $76.1 million, compared to $5.6 million for the nine months ended September 30, 2023. The increase for both periods was attributable to a higher gross margin due to the commencement of commercial operations at the HDRD Complex in November 2023.

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

Net Cash (Used in) Provided by Financing Activities

Net cash used in financing activities for the three and nine months ended September 30, 2024 was $141.5 million and $186.8 million, respectively, compared to net cash provided of $13.6 million and $94.9 million, respectively, for the same periods of 2023. The cash used in financing activities for the current periods was largely due to the repayment of debt, and higher interest and financing charges paid. Net cash provided by financing activities during the comparative periods was primarily due to advances of bank debt and term debt to fund the construction of the HDRD Complex.

Net Cash provided by (Used in) Investing Activities

For the three and nine months ended September 30, 2024, net cash provided by investing activities was $136.4 million and $110.6 million, respectively, compared to net cash used of $36.7 million and $111.6 million, respectively, for the same periods of 2023. The variance primarily relates to proceeds received from the sale of assets, and decreased capital expenditures, following the commissioning of the HDRD Complex. Additionally, the current quarter benefited from higher proceeds from emission credits compared to the same period in the prior year.

CONTRACTUAL LIABILITIES AND COMMITMENTS

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

(in thousands of Canadian dollars)		Within one year		One to five years		Thereafter		Total
Accounts payables, accrued liabilities and provisions	$	44,006	$	-	$	-	$	44,006
Derivative contracts		26,552		5,693		-		32,245
Lease liabilities [1]		6,735		7,340		-		14,075
Senior credit facility [2] [3]		-		8,323		-		8,323
Second lien credit facility [2] [3]		-		175,000		-		175,000
Warrant liability		-		480		-		480
Total	**$**	**77,293**	**$**	**196,836**	**$**	**-**	**$**	**274,129**

(1) Amounts represent the expected undiscounted cash payments related to leases.
(2) The Corporation's Senior Credit Facility is due February 28, 2026. Tranche A of the Second Lien Credit Facility is due on October 24, 2027 and tranche B of this facility is due February 28, 2026.
(3) Amounts represent undiscounted principal only and exclude accrued interest.

OUTSTANDING EQUITY

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

(in thousands)	
Common shares	36,332
RSUs	450
DSUs	55
Options	398
Warrants	4,375

TRANSACTIONS WITH RELATED PARTY

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

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

		Three months ended September 30,				**Nine months ended September 30,**		
(in thousands of Canadian dollars)		**2024**		2023		**2024**		2023
Revenue from take-or-pay agreements	**$**	**4,167**	$	12,624	**$**	**27,420**	$	38,122
Revenue from the sale of renewable fuels		**41,580**		7,747		**118,902**		13,935
Purchases of blending fuels		**2,340**		-		**52,444**		-
Purchase of emission credits		**-**		-		**6,023**		-
Sales of emission credits		**13,344**		-		**13,344**		-
Other operating expenses		**6,129**		7,121		**24,260**		13,969
G&A expenses under the share services agreement		**736**		608		**2,022**		2,187
Realized loss on derivative contracts		**1,215**		442		**3,056**		548
Unrealized gain on derivative contracts		**(1,587)**		(3,858)		**(844)**		(2,093)

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

	Three months ended September 30,				Nine months ended September 30,			
(in thousands of Canadian dollars)		**2024**		2023		**2024**		2023
Lease payments	**$**	**(31)**	$	(31)	**$**	**(93)**	$	(93)
Capital emissions credit sales	**$**	**-**	$	-	**$**	**12,250**	$	4,600
Proceeds on sale of assets	**$**	**122,000**	$	-	**$**	**122,000**	$	-

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

	September 30, 2024		December 31, 2023	
Accounts receivable	**$**	**9,770**	$	5,522
Prepaid expenses and other	**$**	**-**	$	3,900
Accounts payables, accrued liabilities and provisions	**$**	**(7,156)**	$	(6,144)
Derivative contracts	**$**	**(5,144)**	$	(5,988)
Lease liabilities	**$**	**(31)**	$	(442)

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

FINANCIAL INSTRUMENTS

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

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

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

RISK FACTORS

The Corporation continually works to mitigate the impact of risks to its business by identifying all significant risks so that they can be appropriately managed. The risks that may affect the business and operations of Tidewater Renewables are described herein and 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 13 of the Condensed Interim Consolidated 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 Condensed Interim Consolidated Financial Statements for the three and nine month periods ended September 30, 2024, an electronic copy of which is available on Tidewater Renewables' SEDAR+ profile at www.sedarplus.ca.

CONTROL ENVIRONMENT

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

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

Non-GAAP Financial Measures

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

Adjusted EBITDA

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

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

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

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Net loss	**$ (367,116)**	$ (9,449)	**$ (354,461)**	$ (28,272)
Deferred income tax recovery	**(118,745)**	(3,495)	**(114,904)**	(10,052)
Depreciation	**5,610**	5,945	**24,508**	16,133
Finance costs and other	**13,483**	6,620	**33,138**	16,569
Share-based compensation	**394**	553	**281**	3,908
Unrealized (loss) gain on derivative contracts	**(13,268)**	12,558	**(13,585)**	40,398
Gain on warrant liability revaluation	**(1,770)**	(190)	**(2,715)**	(8,160)
Transaction costs	**1,532**	10	**1,537**	111
Non-recurring transactions	**325**	279	**2,992**	4,543
Loss on sale of assets	**491,028**	-	**491,028**	-
Impairment expense	**801**	-	**801**	-
Adjustment to share of profit (loss) from equity accounted investments	**1,356**	1,700	**(150)**	55
Adjusted EBITDA	**$ 13,630**	$ 14,531	**$ 68,470**	$ 35,233

Distributable Cash Flow

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

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

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

(in thousands of Canadian dollars)	**Three months ended September 30, 2024**	2023	**Nine months ended September 30, 2024**	2023
Net cash provided by operating activities	**$ 3,134**	$ 1,522	**$ 76,086**	$ 5,623
Add (deduct):				
Changes in non-cash working capital	**8,256**	10,077	**(12,997)**	20,826
Transaction costs	**1,532**	10	**1,537**	111
Non-recurring transactions	**325**	279	**2,992**	4,543
Interest and financing charges	**(5,877)**	(3,916)	**(22,522)**	(10,484)
Payment of lease liabilities	**(1,748)**	(1,737)	**(5,250)**	(4,953)
Maintenance capital	**(1,134)**	(3,026)	**(2,251)**	(15,061)
Distributable cash flow	**$ 4,488**	$ 3,209	**$ 37,595**	$ 605

Growth capital expenditures will generally be funded from net cash provided by operating activities, sales of capital emission 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, a non-GAAP financial measure, over the weighted average number of common shares outstanding for the period.

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

(in thousands of Canadian dollars except per share information)	**Three months ended September 30, 2024**	2023	**Nine months ended September 30, 2024**	2023
Distributable cash flow	**$ 4,488**	$ 3,209	**$ 37,595**	$ 605
Weighted average shares outstanding – basic	**35,109**	34,727	**34,912**	34,723
Weighted average shares outstanding – diluted	**35,848**	34,727	**36,066**	34,723
Distributable cash flow per share – basic	**$ 0.13**	$ 0.09	**$ 1.08**	$ 0.02
Distributable cash flow per share – diluted	**$ 0.13**	$ 0.09	**$ 1.04**	$ 0.02

Capital Management Measures

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

Net Debt

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

Net debt excludes working capital, lease liabilities and derivative contracts as the Corporation monitors its capital structure based on net debt to Adjusted EBITDA.

The following table reconciles net debt:

(in thousands of Canadian dollars)	**September 30, 2024**	December 31, 2023
Senior Credit Facility	**$ 8,323**	$ 171,749
Senior Lien Credit Facility	**175,000**	175,000
Cash	**(5)**	(105)
Net debt	**$ 183,318**	$ 346,644

Supplementary Financial Measures

Growth Capital

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

Maintenance Capital

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

OPERATIONAL DEFINITIONS

“bbl/d” means barrels per day.

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

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

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

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

“FEED” front-end engineering design.

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

“RCC” refers to Rimrock Cattle Company Ltd.

“RNG” means renewable natural gas

“SAF” means sustainable aviation fuel.

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

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

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

FORWARD-LOOKING INFORMATION

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

In particular, this MD&A contains forward-looking statements pertaining to, but not limited to, the following: the Corporation's ability to become a leading renewable fuel producer; the expected financial performance of the Corporation's capital projects and assets, including the Renewable Assets; the expectation that the Corporation will be able to grow its business, and actively maintain and manage its capital projects and assets, including the Renewable Assets; the Corporation's business plans and strategies, including the underlying existing assets and capital projects, and the success and timing of the projects and related milestones and capital costs; the Corporation's ability to progress commercial and regulatory processes with respect to the RNG Facility, and the receipt of land use approvals related to such facility; expectations related to the SAF project including funding, costs, regulatory approval and the final investment decision thereof and anticipated production therefrom; expectations regarding potential amendments to the BC LCFS regulatory regime; expectations with respect to the pricing of and market for BC LCFS and other emissions credits; the expected outcome of the Corporation's anti-dumping complaint with the CITT; the Corporation's expectations regarding alternative strategies to address ongoing operational financial challenges and the implications if such strategies are not sufficient or successful; the Corporation's operational and financial performance, including expectations regarding generating revenue, revenues and operating expenses; the expectation that the HDRD Complex will exceed a full-year 2024 average daily throughput of approximately 2,650 bbl/d; the ability to leverage existing infrastructure and engineering expertise of Tidewater Midstream regarding development of the Corporation's projects and product offerings; the ability of the Corporation to progress its feedstock strategy; the future price and volatility of commodities; expectations regarding the Corporation's 2024 growth capital program, the financing thereof and the anticipated benefits therefrom; the Corporation's ability to execute its maintenance capital program and the expected efficiencies arising therefrom; the Corporation's efforts and strategies to optimize its asset portfolio, including through a potential divestment of its interest in RNG LP and/or other assets; the continued government support for its initiatives; the Corporation's adjusted cash flows; expectations regarding the Corporation's ability to generate capital emissions credits, future sales of such credits and expected revenues therefrom; and the availability, future price and volatility of feedstocks and other inputs.

Although the forward-looking statements contained in this MD&A are based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this MD&A, the Corporation has made assumptions regarding, but not limited to: Tidewater Renewables' ability to execute on its business plan; the timely receipt of all third party, governmental and regulatory approvals and consents sought by the Corporation, including with respect to the Corporation's approval related to the RNG Facility and other projects and applications; general economic and industry trends; operating assumptions relating to the Corporation's projects; expectations around level of output from the Corporation's projects, including assumptions relating to feedstock supply levels; the ownership and operation of Tidewater Renewables' business; regulatory risks; the expansion of production of renewable fuels by competitors 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 emissions credits; the market, demand and pricing for emissions 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, and the pricing of, low carbon products and emissions credits; 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 annual information form available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

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

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