

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1      Name and Address of Company**

Tidewater Renewables Ltd. (“**Tidewater Renewables**”)  
Suite 900, 222 3<sup>rd</sup> Avenue SW  
Calgary, Alberta  
T2P 0B4

**Item 2      Date of Material Change**

September 12, 2024

**Item 3      News Release**

A News Release relating to the material change described herein (the “**News Release**”) was released by Tidewater Renewables on September 12, 2024 and disseminated through newswires in Canada and subsequently filed on SEDAR+.

**Item 4      Summary of Material Change**

On September 12, 2024, Tidewater Renewables entered into and completed certain transactions (the “**TWM Transactions**”) with Tidewater Midstream and Infrastructure Ltd. (“**Tidewater Midstream**”) and refinanced its first lien credit facilities and extended its second lien credit facilities (the “**Facility Transactions**” and together with the TWM Transactions, the “**Transactions**”). Tidewater Renewables and Tidewater Midstream are collectively referred to as the “**Parties**” below. Tidewater Midstream has beneficial ownership, or control or direction, of 65.8% of Tidewater Renewables’ common shares and is therefore a “related party” of Tidewater Renewables for the purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”).

As part of the TWM Transactions, the Parties entered into (1) an Assets Sale Agreement pursuant to which, among other things, Tidewater Renewables sold its canola co-processing infrastructure, fluid catalytic cracking co-processing infrastructure, working interests in various refinery units and a natural gas storage facility co-located at Tidewater Midstream’s Brazeau River Complex to Tidewater Midstream for (a) cash proceeds of \$122 million, (b) the assumption by Tidewater Midstream of certain liabilities relating to such assets and (c) the assignment by Tidewater Midstream of the right to receive certain British Columbia Low Carbon Fuel Standard credits (“**BC LCFS Credits**”) to Tidewater Renewables with a minimum value of \$7.7 million and (2) an Agreement for the Purchase and Sale of Credits, pursuant which, among other things, Tidewater Renewables sold Tidewater Midstream certain BC LCFS Credits for an aggregate purchase price of approximately \$7.2 million and Tidewater Midstream agreed to purchase additional BC LCFS Credits from Tidewater Renewables (subject to certain monthly average limits) until March 31, 2025 for cash proceeds of approximately \$77.5 million (assuming Tidewater Renewables’ Renewable Diesel & Renewable Hydrogen Complex (the “**HDRD Complex**”) continues to operate at over 90% utilization).

Under the Facility Transactions, Tidewater Renewables (1) refinanced its first lien credit facilities by reducing the aggregate principal amount of such credit facility from \$175 million to \$30 million and extending its maturity date from September 18, 2024 to February 28, 2026 and (2) extended the maturity of the \$25 million tranche B portion of its second lien term debt facility from September 18, 2024 to February 28, 2026 (with the maturity of the

\$150 million tranche A portion of such credit facility remaining unchanged at October 24, 2027) and added a new \$33 million tranche C portion to the second lien term debt facility for the purpose of refinancing its first lien credit facilities in certain circumstances.

The TWM Transactions were a “related party transaction” for the purposes of MI 61-101; however, Tidewater Renewables relied on the “financial hardship” exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 provided in Section 5.5(g) and 5.7(1)(e) of MI 61-101.

## **Item 5 Full Description of Material Change**

### **TWM Transactions**

As part of the TWM Transactions, the Parties entered into (1) an Assets Sale Agreement pursuant to which, among other things, Tidewater Renewables sold its canola co-processing infrastructure, fluid catalytic cracking co-processing infrastructure, working interests in various refinery units and a natural gas storage facility co-located at Tidewater Midstream’s Brazeau River Complex to Tidewater Midstream for (a) cash proceeds of \$122 million, (b) the assumption by Tidewater Midstream of certain liabilities relating to such assets and (c) the assignment by Tidewater Midstream of the right to receive certain BC LCFS Credits to Tidewater Renewables with a minimum value of \$7.7 million and (2) an Agreement for the Purchase and Sale of Credits, pursuant which, among other things, Tidewater Renewables sold Tidewater Midstream certain BC LCFS Credits for an aggregate purchase price of approximately \$7.2 million and Tidewater Midstream agreed to purchase additional BC LCFS Credits from Tidewater Renewables (subject to certain monthly average limits) until March 31, 2025 for cash proceeds of approximately \$77.5 million (assuming the HDRD Complex continues to operate at over 90% utilization).

### **Facility Transactions**

Under the Facility Transactions, Tidewater Renewables (1) refinanced its first lien credit facilities by reducing the aggregate principal amount of such credit facility from \$175 million to \$30 million and extending its maturity date from September 18, 2024 to February 28, 2026 and (2) extended the maturity of the \$25 million tranche B portion of its second lien term debt facility from September 18, 2024 to February 28, 2026 (with the maturity of the \$150 million tranche A portion of such credit facility remaining unchanged at October 24, 2027) and added a new \$33 million tranche C portion to the second lien term debt facility for the purpose of refinancing its first lien credit facilities in certain circumstances.

In addition, compliance by Tidewater Renewables with the quarterly financial covenants applicable to both the first and second lien credit facilities was waived until September 30, 2025. Certain fees were paid or agreed to be paid to the first and second lien lenders as part of the refinancing and extension of the credit facilities.

In conjunction with the extension of the second lien credit facilities, which are provided by an affiliate of the Alberta Investment Management Corporation (“**AIMCo**”), Tidewater Renewables issued to an affiliate of AIMCo warrants (the “**2024 AIMCo Warrants**”) to acquire 1,000,000 common shares of the Corporation (“**Common Shares**”) at an exercise price of \$3.99 per Common Share (representing a 50% premium to the five-day volume weighted average trading price (“**VWAP**”) of the Common Shares on the TSX prior to September 12, 2024) with such warrants having an expiry date of September 12, 2029. In addition, certain of the fees payable to AIMCo by the Corporation as part of the second lien refinancing (the “**Convertible Fees**”) are convertible into Common Shares by either the Corporation or AIMCo at the then prevailing 10-day VWAP. At the option of an affiliate of AIMCo, the entire Convertible Fees were converted into 1,449,239 Common Shares following the completion of the Facility Transactions.

### ***The Purpose and Business Reasons for the Transactions***

The Transactions were completed in order to provide capital and liquidity to Tidewater

Renewables, which needs arose as a result of a challenged and depressed market for BC LCFS Credits that developed late in the second quarter of 2024.

***The Anticipated Effect of the Transactions on Tidewater Renewables' Business and Affairs***

The Transactions were designed to strengthen Tidewater Renewables' balance sheet and financial position, by reducing its debt and lowering its go-forward financing costs, and provide it with refinanced and extended credit facilities to provide it with ongoing liquidity on workable terms. Additionally, the forward sale of BC LCFS Credits to Tidewater Midstream until March 2025 pursuant to the Agreement for the Purchase and Sale of Credits is expected to provide Tidewater Renewables with a reliable source of cash flow during that period, allowing it to continue to focus on its renewable fuels business consisting of, after the completion of the TWM Transactions, the HDRD Complex and the proposed sustainable aviation fuel project.

***Review and Approval Process for the Transactions***

On June 17, 2024, Tidewater Renewables formed a special committee of its board of directors (the "**Special Committee**") to conduct a review process to consider various potential alternatives in the event that the market for BC LCFS Credits remained weak. The Special Committee was comprised solely of directors of Tidewater Renewables who are independent within the meaning of National Instrument 52-110 – *Audit Committees*.

Tidewater Midstream formed its own special committee as well, and, on June 26, 2024, the special committee of Tidewater Midstream approached the Special Committee with the proposed terms of a transaction (the "**Proposed Transaction**"), with terms similar to the terms of the TWM Transactions. The Special Committee considered such Proposed Transaction as one of the possible alternatives available to Tidewater Renewables to address its expected capital and liquidity constraints.

During the third quarter of 2024 and prior to the issuance of the News Release, the terms of the Proposed Transaction and the related credit facility transactions, along with a number of other potential alternatives, were under consideration and evaluation by the Special Committee. Throughout this time, the Special Committee had numerous meetings amongst its members and also with its independent financial advisors and legal counsel, as well as numerous meetings with the Tidewater Midstream special committee with respect to the Proposed Transaction.

With the assistance of its independent financial advisors, the Special Committee evaluated various potential alternatives to assist Tidewater Renewables in addressing its liquidity challenges, including the Proposed Transaction. The Special Committee conducted a thorough review process and, in doing so, sought the advice of its independent financial advisors and legal counsel with respect to such potential alternatives.

By mid August 2024, when Tidewater Renewables reported its second quarter results, the Special Committee was supportive in principle with continuing to evaluate and negotiate the Proposed Transaction but the definitive agreements in respect thereof, including the terms thereof, were not settled at that time and, as such, formal approvals had not been obtained.

Prior to execution of the definitive agreements in respect of the TWM Transactions and closing of the transactions contemplated thereby on September 12, 2024, the Special Committee, based on the advice of its independent financial advisors and legal counsel, acting in good faith, unanimously recommended that the independence committee of Tidewater Renewables (on behalf of the board of directors of Tidewater Renewables) approve the TWM Transactions and the execution of the definitive agreements in respect thereof. Following such recommendation, the independence committee of Tidewater Renewables (on behalf of the board of directors of Tidewater Renewables) approved the TWM Transactions and the execution of the definitive agreements in respect thereof. Following such approvals, on September 12, 2024, the definitive agreements were

executed by Tidewater Renewables and Tidewater Midstream and the TWM Transactions were consummated.

### ***MI 61-101 Matters***

Tidewater Midstream has beneficial ownership, or control or direction, of 65.8% of Tidewater Renewables' common shares and is therefore a "related party" of Tidewater Renewables for the purposes of MI 61-101 and, accordingly, the TWM Transactions were a "related party transaction" for the purposes of MI 61-101.

Under MI 61-101, a company is required to obtain both a formal valuation (the "**Formal Valuation Requirement**") and minority shareholder approval (the "**Minority Approval Requirement**") in respect of a "related party transaction" pursuant to sections 5.4 and 5.6 of MI 61-101, respectively, unless an exemption under MI 61-101 is available.

In respect of the TWM Transactions, Tidewater Renewables relied on the exemptions from the Formal Valuation Requirement and the Minority Approval Requirement pursuant to sections 5.5(g) and 5.7(1)(e) of MI 61-101, respectively (collectively, the "**Financial Hardship Exemption**").

Tidewater Renewables relied on the Financial Hardship Exemption in respect of the TWM Transactions based on the determination by the Special Committee and the independence committee of Tidewater Renewables (on behalf of the board of directors of Tidewater Renewables) that:

- Tidewater Renewables was in serious financial difficulty given its inability to meet its covenants under its credit facilities, and the likelihood of not being able to refinance or extend such credit facilities as a result;
- the TWM Transactions were designed to improve the financial position of Tidewater Renewables by providing Tidewater Renewables with capital and liquidity;
- the terms of the TWM Transactions, including the definitive agreements in respect thereof, were reasonable in the circumstances of Tidewater Renewables.

### ***Timing and Further Details***

This material change report was not filed 21 days prior to closing of the Transactions as the Transactions were entered into and completed contemporaneously.

The foregoing is only a summary of the Transactions. Please refer to applicable agreements filed on Tidewater Renewables' profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) for further details.

**Item 6 Reliance on Section 7.1(2) of National Instrument 51-102**

N/A

**Item 7 Omitted Information**

N/A

**Item 8 Executive Officer**

For further information, contact Ian Quartly, Chief Financial Officer by telephone at 587-317-8290.

**Item 9 Date of Report**

September 23, 2024

**Forward looking statements**

*The information provided in this material change report contains forward-looking statements. The use of any of the words “continue”, “expect”, “may”, “will”, “intend”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. More particularly, this material change report contains statements concerning future sales of BC LCFS Credits; Tidewater Renewables’ ability to generate contingent credits under the Part 3 Agreement; the HDRD Complex continuing to operate at a 90% utilization rate; Tidewater Renewables’ ability to generate fuel code credits and/or fuel code credit entitlements between January 1, 2025 and March 31, 2025; the Transactions’ ability to provide ongoing liquidity to Tidewater Renewables; and the Transaction’s ability to provide Tidewater Renewables with a reliable source of cash flow, allowing it to continue to focus on its renewable fuels business and the proposed sustainable aviation fuel project.*

*Although the forward-looking statements contained in this material change report are based upon assumptions which management of Tidewater Renewables believes to be reasonable, Tidewater Renewables cannot assure investors that actual results will be consistent with these forward-looking statements. Any forward-looking statements contained in this material change report represent expectations as of the date of this material change report and are subject to change after such date. However, Tidewater Renewables is under no obligation (and Tidewater Renewables expressly disclaims any such obligation) to update or alter any statements containing forward-looking information, the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law. With respect to the forward-looking statements contained in this material change report, Tidewater Renewables has made assumptions regarding the current and future market for BC LCFS Credits and Tidewater Renewables’ continued ability to generate such BC LCFS Credits.*

*All the forward-looking statements in this material change report are qualified by the cautionary statements herein. Further information about factors affecting forward-looking statements and management’s assumptions and analysis thereof is available in filings made by Tidewater Renewables with Canadian securities commissions available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*