



TIDEWATER
Midstream and Infrastructure Ltd.

Management's Discussion and Analysis
For the three and nine month periods ended September 30, 2020

November 11, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the condensed interim consolidated financial and operating results of Tidewater Midstream and Infrastructure Ltd. ("Tidewater" or the "Corporation") is dated November 11, 2020 and should be read in conjunction with Tidewater's condensed interim consolidated financial statements as at and for the three and nine month periods ended September 30, 2020 and 2019 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), representing generally accepted accounting principles ("GAAP"). This MD&A contains non-GAAP measures and forward-looking statements and readers are cautioned that the MD&A should be read in conjunction with Tidewater's disclosure under "Non-GAAP Measures" and "Forward-Looking Information" included at the end of this MD&A.

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

BUSINESS OVERVIEW

Tidewater's common shares are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "TWM". Tidewater's objective is to build a diversified midstream infrastructure company in the North American natural gas, natural gas liquids ("NGL") and crude oil value chain. Its strategy is to profitably grow and create shareholder value through the acquisition and development of oil and gas infrastructure. To achieve its business objective, Tidewater is focused on providing customers with a full service, vertically integrated value chain, including gas plants, pipelines, railcars, trucks, export terminals, storage and downstream facilities. To complement its asset base, Tidewater also markets crude oil, refined product, natural gas and NGL products and services to customers across North America.

Tidewater's pipelines and processing plants gather and process raw natural gas before it is injected into long-distance pipeline systems for transportation to end-use markets. Tidewater's straddle plants process, store and transport the by-products of natural gas processing, including NGLs such as ethane, propane, butane and condensate. The Corporation's downstream operations refine crude oil feedstock into gasoline and diesel.

Tidewater's key assets include: the Prince George Refinery ("PGR") which has a five-year offtake agreement with Husky Energy; the Pipestone Gas Plant which has over 80% of its volumes under take or pay contracts; the Brazeau River Complex and Fractionation Facility ("BRC") which allows producers access to three natural gas egress solutions; Ram River Gas Plant which is a rail-connected processing facility; and natural gas storage assets, which are contracted to six investment grade counterparties.

Additional information relating to Tidewater is available on SEDAR at www.sedar.com and at www.tidewatermidstream.com.

HIGHLIGHTS

- The Corporation delivered a record quarter and its year-to-date performance continues to highlight the value and resiliency of its integrated business model. Adjusted EBITDA increased to \$47.6 million in the third quarter of 2020 as compared to \$25.5 million in the third quarter of 2019, resulting in 86% Adjusted EBITDA growth as a result of the continuing strong performance of the Prince George Refinery ("PGR") and the Pipestone Gas Plant. Adjusted EBITDA also increased by \$5.7 million as compared to the second quarter of 2020 resulting in 14% Adjusted EBITDA growth. Net loss attributable to shareholders was \$2.0 million for the third quarter of

2020 as compared to net income of \$11.0 million in the third quarter of 2019. The decrease is a result of a non-cash loss on disposition of certain non-core assets.

- Net cash provided by operating activities totaled \$64.0 million for the third quarter of 2020, with distributable cash flow of \$10.6 million and a payout ratio of 32%.
- On October 1, 2020, the Corporation, together with its partner TransAlta Corporation (“TransAlta”), entered into an updated purchase and sale agreement with ATCO Gas and Pipelines Ltd. (“ATCO”) to sell the Pioneer Pipeline to ATCO for gross proceeds of \$255 million under substantially similar terms to the previously announced transaction with NOVA Gas Transmission Ltd. (“NGTL”) (the “Pioneer Transaction”). ATCO acquired the right to purchase the Pioneer Pipeline through an option agreement with NGTL. Net cash proceeds to Tidewater will be approximately \$138 million which includes certain ancillary assets and completion of budgeted restoration work to be paid for by TransAlta. The transaction is subject to customary conditions in a transaction of this nature including regulatory approvals by the Alberta Utilities Commission and the Alberta Energy Regulator. Regulatory approval is anticipated in the first quarter of 2021 and Tidewater remains proactive in its efforts to accelerate this timeline.
- Tidewater’s top priorities remain free cash flow generation and debt reduction. Tidewater remains committed to reducing leverage throughout 2020 and 2021 with a target of 3.0x to 3.5x Net Debt to annualized Adjusted EBITDA, upon closing of the Pioneer Transaction.
- While the Corporation’s volumes across its operations have returned to pre-pandemic levels, financial markets and commodity prices continue to remain volatile and are expected to remain volatile into 2021. Tidewater continues to see increased demand at PGR as a result of large infrastructure projects in central and northern British Columbia resulting in a stronger market for refined products. PGR continues to see record throughput, at times exceeding 12,000 bbls/day and combined gasoline and diesel production from PGR of over 10,500 bbls/day.
- The Corporation remains encouraged by recent third party merger and acquisition activities in the Western Canadian Sedimentary Basin (“WCSB”) that is generally strengthening counterparty balance sheets. The recent announcement of the merger between Husky Energy and Cenovus Energy is expected to strengthen the Corporation’s credit profile.
- This momentum at the Corporation’s facilities is expected to continue during the fourth quarter and into 2021. Guidance of forecasted Adjusted EBITDA remains at \$175 million to \$185 million for the full year 2020. The timing and extent of the economic recovery, especially as COVID-19 cases continue to rise globally, could impact these forecasts.
- The Corporation continues to be committed to its Environmental, Social and Governance (“ESG”) performance by investing in infrastructure to increase energy and natural resource efficiency, reduce emissions, and enhance environmental performance. The Corporation has a vital role to play in the long-term renewable energy transition in Canada and is taking initiative in clean fuels through its existing hydrogen and carbon capture assets, its ability to blend ethanol and biodiesel and its current canola co-processing project. Tidewater continues to evaluate certain small and large-scale green capital projects, in conjunction with government funding programs, at many of its facilities, including expanding current hydrogen production, carbon capture and both canola co-processing and renewable diesel at PGR.
- Earlier this year Tidewater introduced a website interface for all stakeholders to view ESG performance metrics. Tidewater remains committed to enhancing its disclosures and in November published a significant increase in ESG metrics and corporate policies which highlight several improving trends. This information is available at www.tidewatermidstream.com/esg/.

COVID-19 UPDATE

- Tidewater continues to monitor the developments related to COVID-19. Safeguarding the well-being of Tidewater’s personnel is its principal concern and it remains focused on operating safely and responsibly and providing the essential services that its communities and customers rely on during the COVID-19 pandemic. The Board of Directors, executive team and division leaders continue to meet regularly to align response strategies and efforts within all areas of the Corporation. The Corporation commends its employees for continuing to operate safely and responsibly and providing extra customer service in this challenging environment.
- Operating conditions have greatly improved from the second quarter, but there are still uncertainties around the pandemic and the economic recovery. The Corporation continues to operate safely and reliably, following COVID-19 protocols in both the field and in offices, social distancing, and working remotely as conditions warrant. The Corporation’s facilities continue to remain fully operational and capable of meeting customer needs.
- Tidewater continues to prioritize the health and safety of its personnel during COVID-19. The Corporation’s offices and facilities operate with stringent hygiene protocols to protect its employees and to ensure delivery of critical services. The Corporation has begun returning its workforce to its business offices and continues to assess its pace of re-entry depending on guidance from health and government officials.

FINANCIAL HIGHLIGHTS

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
<i>(in thousands of Canadian dollars except per share information)</i>				
Revenue	\$ 273,461	\$ 147,045	\$ 704,493	\$ 426,021
Net income (loss) attributable to shareholders	\$ (1,982)	\$ 11,045	\$ (41,924)	\$ (176)
Basic and diluted net income (loss) attributable to shareholders per share	\$ (0.01)	\$ 0.03	\$ (0.12)	\$ (0.00)
Adjusted EBITDA ⁽¹⁾	\$ 47,602	\$ 25,496	\$ 130,981	\$ 69,686
Net cash provided by (used in) operating activities	\$ 63,990	\$ (2,404)	\$ 150,965	\$ 23,301
Distributable cash flow ⁽¹⁾	\$ 10,578	\$ 12,141	\$ 33,626	\$ 39,329
Distributable cash flow per common share – basic ⁽¹⁾	\$ 0.03	\$ 0.04	\$ 0.10	\$ 0.12
Dividends declared	\$ 3,386	\$ 3,349	\$ 10,147	\$ 9,969
Dividends declared per common share	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.03
Total common shares outstanding (000s)	338,609	334,866	338,609	334,866
Payout ratio ⁽¹⁾	32%	28%	30%	25%
Total assets	\$ 2,048,534	\$ 1,585,551	\$ 2,048,534	\$ 1,585,551
Net debt ⁽¹⁾	\$ 854,870	\$ 526,174	\$ 854,870	\$ 526,174

⁽¹⁾ Refer to “Non-GAAP Measures”

RESULTS OF OPERATIONS

Business overview

Tidewater's operations are strategically located in three core areas in the WCSB (Deep Basin, Montney and Edmonton) as well as in central British Columbia. Tidewater views its operations as one vertically integrated set of operations which consists of natural gas processing, NGL extraction, gas storage, crude oil and NGL terminalling infrastructure, refining operations and marketing to end-use markets through transmission pipelines, trucking and rail systems.

Financial overview

<i>(in thousands of Canadian dollars except per share information)</i>	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Revenue	\$ 273,461	\$ 147,045	\$ 704,493	\$ 426,021
Operating expenses	\$ 234,401	\$ 135,262	\$ 591,206	\$ 380,234
General and administrative	\$ 5,177	\$ 3,637	\$ 12,768	\$ 10,231
Share-based compensation	\$ 1,711	\$ 1,656	\$ 5,522	\$ 7,361
Depreciation	\$ 22,683	\$ 17,552	\$ 67,355	\$ 46,380
Finance costs and other	\$ 16,533	\$ 8,737	\$ 55,459	\$ 16,139
Realized gain on derivative contracts	\$ 9,571	\$ 15,270	\$ 24,274	\$ 31,943
Unrealized (gain) loss on derivative contracts	\$ 441	\$ (17,647)	\$ 47,488	\$ 5,647
Realized loss (gain) on sale of assets	\$ 10,726	\$ (2,069)	\$ 7,686	\$ (3,353)
Income from equity investments	\$ 2,439	\$ 1,848	\$ 260	\$ 1,431
Deferred income tax expense (recovery)	\$ (4,722)	\$ 5,465	\$ (16,687)	\$ (4,016)
Net income (loss) attributable to shareholders	\$ (1,982)	\$ 11,045	\$ (41,924)	\$ (176)
Basic and diluted net income (loss) attributable to shareholders per share	\$ (0.01)	\$ 0.03	\$ (0.12)	\$ (0.00)

Revenue

Revenue increased by 86% to \$273.5 million in the third quarter of 2020 compared to \$147.0 million for the same period of 2019 as a result of the addition of refined products revenue due to the acquisition of PGR and the commissioning of the Pipestone Gas Plant. PGR and related downstream revenue contributed approximately \$108.1 million of the increase in revenue for the quarter.

The Corporation's revenue increased by 53% from the second quarter of 2020 to \$178.6 million as a result of the significant recovery in commodity prices for crude oil and refined products with the opening up of the economy. The combination of higher gasoline and diesel demand due to summer travel season and large infrastructure projects in the interior of British Columbia resulted in higher revenue in the third quarter as compared to the second quarter in which demand dropped as a result of COVID-19 restrictions.

Net throughput volumes at Tidewater's gas processing and extraction facilities averaged approximately 390 MMcf/day during the third quarter of 2020, a 12% increase, primarily related to the Pipestone Gas Plant, compared to net throughput of approximately 347 MMcf/day for the same period of 2019.

During the nine month period ended September 30, 2020, the Corporation generated revenue of \$704.5 million, an increase of 65% compared to \$426.0 million for the same period in 2019. The increase period over period was mainly due to the addition of refined products revenue due to the acquisition of PGR, and the commissioning of the Pipestone Gas Plant. Net throughput volumes at Tidewater's gas processing and extraction facilities for the nine month period ended September 30, 2020 averaged approximately 430 MMcf/day, a 15% increase from the average net throughput volumes for the nine month period ended September 30, 2019 of approximately 374 MMcf/day.

Despite the volatility in commodity prices, the Corporation's assets act as natural hedges in varying commodity price environments. Tidewater's gas storage and extraction assets perform well in low gas price environments, while gathering and processing perform better in medium to high price environments. Tidewater also engages in liquids blending. It operates facilities at Brazeau, Acheson, Pipestone and Valhalla, allowing it to transport, process and blend various butane and condensate streams. Margins are earned by blending products of lower value into higher value products. As a result of these transactions, Tidewater takes advantage of the price and quality differentials between various product streams. Additionally, Tidewater is well positioned to serve NGL and crude oil markets due to trucking and rail logistics infrastructure allowing customers to capture enhanced product pricing to improve netbacks on their products.

Overall, the integration of Tidewater's infrastructure means that it can take advantage of available resources to benefit from differentials in commodity prices through its processing facilities, fractionation, straddle, storage and transportation infrastructure.

Operating expenses

Operating expenses for the third quarter of 2020 were \$234.4 million, an increase of 73%, compared to \$135.3 million for the third quarter of 2019. Higher operating costs for the three months ended September 30, 2020 were driven by the growth of the business from the contribution of its new assets following the PGR acquisition and the commissioning of the Pipestone Gas Plant. The Corporation's operating expenses increased by 63% from the second quarter of 2020 as a result of higher downstream and marketing volumes and commodity prices driven by overall increased pricing as compared to the second quarter.

Operating expenses for the nine month period ended September 30, 2020 increased 55% to \$591.2 million compared to \$380.2 million for the same period in 2019 primarily resulting from the Corporation's growth and addition of the PGR and the Pipestone Gas Plant. The Corporation incurred higher feedstock weighted average costs as a result of carrying higher cost of inventory purchased prior to the crude oil price decline in March. At the Pipestone Gas Plant, third-party pipeline infrastructure was not in service until the end of the first quarter leading to increased trucking expenses of NGL products. Start-up costs also contributed to the increase in operating costs. Higher labour and property taxes driven by the growth in Tidewater's business also contributed to the increase.

The increased cost of sales of the Corporation's products was partially offset by realized hedging gains related to the Corporation's risk management policy to minimize exposure from fluctuations in commodity prices.

General and administrative

General and administrative ("G&A") expenses for the three months ended September 30, 2020 were \$5.2 million, compared to \$3.6 million for the same period of 2019. During the nine month period ended

September 30, 2020 G&A expenses were \$12.8 million compared to \$10.2 million for the same period of 2019. The increases in G&A expenses between the 2020 and 2019 periods were primarily due to higher corporate employee costs driven by expansion of the Corporation's operations through organic growth. Higher employee costs include salaries related to employees added to support new and existing operations and to support future growth of the Corporation's asset base.

Non-recurring costs of \$0.9 and \$1.3 million were included in G&A expenses for the three and nine months ended September 30, 2020, respectively, relating to one-time legal and severance costs during 2020. Non-recurring costs of \$0.2 million and \$0.8 million were included in G&A expenses for the three and nine months ended September 30, 2019, respectively, relating to one-time legal and severance costs during 2019.

Share-based compensation

Share-based compensation for the three months ended September 30, 2020 was \$1.7 million and was consistent with the same period of 2019. The decrease in share-based compensation for the nine months ended September 30, 2020 compared to September 30, 2019 relates to revisions to the Corporation's Restricted Share Units ("RSUs") plan whereby, prior to May 14, 2019, the Corporation's RSUs were accounted for using the liability accounting method and under the new amendments, RSUs are accounted for using the equity method.

Depreciation

Depreciation for the three months ended September 30, 2020 was \$22.7 million, compared to \$17.6 million for the same period of 2019. During the nine month period ended September 30, 2020 depreciation was \$67.4 million compared to \$46.4 million for the same period of 2019. The increase in depreciation in both comparative periods was due to year over year growth of the Corporation's asset base with the addition of PGR, commissioning of the Pipestone Gas Plant and additions to its right-of-use assets, mostly relating to the Corporation's rail car and downstream leases.

Finance costs and other

Finance costs and other for the three months ended September 30, 2020 were \$16.5 million compared to \$8.7 million for the same period of 2019. Finance costs and other for the nine month period ended September 30, 2020 were \$55.5 million compared to \$16.1 million for the nine month period ended September 30, 2019. Increased finance costs during the three and nine months ended September 30, 2020 were primarily due to higher interest expense resulting from the increased bank debt related to the PGR acquisition, the 2019 capital program and the issuance of convertible debentures during the third quarter of 2019.

Realized gain on derivative contracts

The Corporation uses physical and financial forward contracts to protect operating income and the value of its crude oil, natural gas, NGL, and refined product inventories to mitigate volatility in commodity prices. Overall, the Corporation hedges from 50% to 100% of all commodity price exposure outside PGR.

Realized gain on derivative contracts for the three months ended September 30, 2020 was \$9.6 million compared to a realized gain of \$15.3 million in the same period of 2019. The realized gain on derivative contracts for the nine months ended September 30, 2020 was \$24.3 million compared to a realized gain of \$31.9 million in the comparative period of 2019. The realized gains recognized for the 2020 period were

predominantly driven by lower market prices creating a gain for crude oil and refined product derivatives that were settled during the period, offset by cost of sales as the Corporation had previously locked in its marketing margins.

Unrealized loss on derivative contracts

Unrealized non-cash loss on derivative contracts for the three months ended September 30, 2020 was \$0.4 million compared to a gain of \$17.6 million for the three months ended September 30, 2019. During the nine months ended September 30, 2020 the Corporation incurred an unrealized non-cash loss on derivative contracts of \$47.5 million compared to a loss during the same period in 2019 of \$5.6 million.

The majority of the Corporation's unrealized loss on derivative contracts relate to its long-term contracts, with varying terms up to three years in the future, to protect a portion of its feedstock supply cost at PGR. Fair values of these derivative contracts fluctuate depending on the commodity prices and can impact profit in the form of realized or unrealized gains and losses, offset by physical inventories, that can change significantly period over period. A portion of the unrealized losses for the nine months ended September 30, 2020 relate to WTI/MSW oil differential hedges that are used to protect PGR feedstock costs over a three-year period. The decrease in demand caused by the COVID-19 pandemic and geopolitical tensions have caused longer term crude oil prices to drop significantly as compared to December 31, 2019.

Also included in the unrealized loss for the quarter are interest rate and foreign exchange hedges. The Corporation hedges its borrowing costs by fixing the interest rate on its floating credit facilities. The significant decline in interest rates resulted in an unrealized loss for the quarter, partially offset by a decline in interest expense for the quarter and in subsequent periods. The Corporation also hedges USD/CAD foreign exchange rates to lock in margins on its sales to the US. Unrealized gains related to foreign exchange hedges are partially offset by lower revenues from US sales.

At September 30, 2020, the fair value of the Corporation's derivative contracts was a net liability of \$50.8 million as compared to a net liability of \$3.3 million at December 31, 2019 of which \$36.3 million is classified as long-term.

The fair value of the net derivative contract asset or liability is the estimated value to settle the outstanding contracts at a point in time. Accordingly, the unrealized gains or losses on these financial instruments are recorded directly to the statement of net income (loss) and can fluctuate materially quarter-over-quarter with price volatility. In general, the increase or decrease in the fair value of the derivative contracts is intended to mitigate fluctuations in the value of inventories and future commitments and protect operating income. Unrealized gains and losses on derivative contracts do not impact net cash provided by operating activities or distributable cash flow. Actual gains or losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices as compared to the valuation assumptions. The Corporation's risk management policy is designed to limit fluctuations in the overall business where gains and losses on derivative contracts are inherently offset in the Corporation's asset base.

Realized loss on sale of assets

On March 25, 2020, the Corporation disposed of its common shares of Tidewater Propane Inc. for proceeds of approximately \$8.4 million. After adjustments for net working capital and deferred income tax liabilities, a gain of \$3.0 million was recorded on the sale.

On August 17, 2020, the Corporation disposed of its common shares of Tidewater Logistics Ltd. for proceeds of approximately \$6.5 million. After adjustments for net working capital and deferred income tax liabilities, a gain of \$2.9 million was recorded on the sale.

On September 2, 2020, the Corporation disposed of certain non-core assets. The Corporation recognized a non-cash loss of \$13.6 million on these dispositions.

Income from equity investments

The Pipestone Gas Storage Facility continued to perform well in the quarter as injection levels reached a peak of 152,000 MMcf/day. The facility successfully met customer park-and-loan commitments while building up inventory levels in anticipation of next winter's withdrawal obligations. Injection fee revenue for the three months ended September 30, 2020 was \$5 million as compared to \$4.3 million for the three months ended September 30, 2019.

Deferred income tax expense (recovery)

During the three month period ended September 30, 2020 the Corporation recognized a deferred income tax recovery of \$4.7 million compared to \$5.5 million expense for the same period of 2019. During the nine month period ended September 30, 2020 the Corporation recognized a deferred income tax recovery of \$16.7 million compared to \$4.0 million for the same period of 2019. The increased recovery in both periods is attributable to an increase in the net loss before tax for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019.

Net income (loss) attributable to shareholders

During the three months ended September 30, 2020, the Corporation realized a net loss attributable to shareholders of \$2.0 million, compared to a net income attributable to shareholders of \$11.0 million for the same period of 2019. The increase in net loss was primarily the result of non-cash unrealized gains on derivative contracts in 2019.

Net loss attributable to shareholders for the nine months ended September 30, 2020 was \$41.9 million compared to net loss attributable to shareholders for the same period of \$0.2 million. The net loss was primarily the result of a \$41.8 million increase in unrealized loss on derivative contracts, and increased finance costs of \$39.3 million as discussed above.

Net income (loss) per share attributable to shareholders

Net loss per share attributable to shareholders was \$0.01 per share for the third quarter of 2020, compared to a net income per share attributable to shareholders of \$0.03 for the same period of 2019. Net loss per share attributable to shareholders for the nine months ended September 30, 2020 was \$0.12 compared to net loss per share attributable to shareholders of \$0.00 for the same period of 2019. The increase in net loss per share attributable to shareholders for the 2020 periods was primarily due to higher unrealized loss on derivative contracts, and increased finance costs. Dividends declared per share were \$0.01 per share in the third quarter of 2020, consistent for each quarter of 2020 and 2019.

OUTLOOK AND CORPORATE UPDATE

Tidewater is well positioned to weather the current economic environment and remains focused on cash flow generation, increasing liquidity and reducing leverage. Tidewater's forecasted payout ratio is expected to range from 25% to 30% with the remainder of Distributable Cash Flow used to reduce leverage. The proceeds from the Pioneer Transaction will significantly reduce leverage with net proceeds of approximately \$138 million. A large portion of Tidewater's cashflow is generated from take-or-pay contracts and long-term agreements with over 50% generated from investment grade counterparties. Tidewater expects net debt to annualized Adjusted EBITDA of approximately 3.0x – 3.5x subsequent to the completion of the Pioneer Transaction.

Prince George Refinery

PGR is a 12,000 bbl/day light oil refinery that predominantly produces low sulphur diesel and gasoline, in addition to other products, to supply the greater Prince George region. PGR has significant onsite storage capacity of greater than 1.0 MMbbl and flexible logistics, with pipeline, rail and truck connectivity in place. The Prince George region is generally in short supply of refined products and the refinery's location within the region makes it a critical piece of infrastructure with a significant logistical advantage to address demand in northern British Columbia.

PGR has significant advantages given its location as the Prince George market faces logistical and economic challenges given transport costs and the lack of offloading facilities in the area. Additionally, the refinery supplies the majority of the regional demand, which is comprised of major local industries such as forestry, mining and oil and gas.

During the third quarter of 2020, PGR achieved over 95% utilization. Utilization increased during the third quarter as compared to the second quarter by approximately 12.6% due to the planned maintenance program at the refinery during the second quarter of 2020 and increased demand for refined products. Tidewater's refined product yields at PGR were as follows:

	Q3 2020	Q2 2020	Q1 2020
Crude Throughput	11,825 bbl/day	10,500 bbl/day	11,124 bbl/day
Refinery Yield ⁽¹⁾			
Gasoline yield	44%	42%	42%
Diesel yield	43%	43%	46%
Other ⁽²⁾	13%	15%	12%

⁽¹⁾ Refinery yield includes crude and intermediates.

⁽²⁾ Other refers to heavy fuel oil (HFO), LPG and feedstock consumed to fuel the refinery.

Tidewater's refining margins are largely driven by commodity prices, particularly the cost of crude feedstock and other raw materials, along with market prices for refined products. During the third quarter, Tidewater realized improved margins as a result of increased refined product pricing and had an increase in refined product demand, as compared to the second quarter of 2020, due to the reduced social quarantine restrictions by the provincial and federal government. The Corporation was able to optimize its gasoline production at the refinery to meet increased demand and improved pricing. Butane blending has also enabled Tidewater to blend low value butane into the PGR gasoline pool.

The first offtake contract year with Husky Energy ("Husky") ended on November 1, 2020 with Husky meeting its offtake obligations to Tidewater. The Corporation has received confirmation from Husky that the *force majeure* notice under the offtake agreement, that was initiated by Husky in April, 2020, has been withdrawn.

During the first week of October 2020, the refinery saw a 10% reduction of throughput due to planned maintenance which will have a minimal affect to fourth quarter results as it will enable the refinery to increase throughput for the remainder of the fourth quarter and into 2021.

Tidewater is encouraged by the resilience of the PGR asset in an unprecedented time with crack spreads holding steady around \$50/bbl. This demonstrates the refinery's long-term value in servicing the markets in which it operates. Demand for diesel continues to exceed diesel production as a result of large infrastructure projects including Coastal GasLink, Site C Dam, LNG Canada and the TransMountain pipeline expansion.

The Corporation continues to evaluate opportunities to develop future low-carbon fuel and renewable energy projects at PGR and expansion. These include expanding existing hydrogen assets and continuing to expand canola co-processing and the potential for a large scale renewable diesel project with potential support from the provincial government. Additionally, Tidewater is also pursuing numerous low capital and high rate of return debottleneck and optimization opportunities within its downstream business unit.

Pipestone Gas Plant

The Pipestone Gas Plant is designed to process approximately 100 MMcf/day of sour natural gas. This asset includes two acid gas injection wells, a saltwater disposal well, and sales gas pipelines directly connected to the Pipestone Gas Storage Facility, as well as Alliance and TC Energy pipelines. The facility is also pipeline connected to Pembina for C2+ and C5+ liquid streams.

Tidewater processed an average volume of 72 MMcf/day in the third quarter of 2020. Facility availability for the quarter averaged 78% due to a constraint in early July. This was offset by record throughput in September of 86 MMcf/day and over 90% availability. The Pipestone Gas Plant is fully contracted with over 80% committed on take or pay arrangements.

Pioneer Pipeline

The Pioneer Pipeline is currently jointly owned and operated by Tidewater and TransAlta. The asset is held for sale and subject to closing of the Pioneer Transaction and is subject to customary conditions in a transaction of this nature including regulatory approvals by the Alberta Utilities Commission and the Alberta Energy Regulator. Following the execution of the purchase and sale agreement, the parties filed applications for regulatory approval. Regulatory approval is anticipated in the first quarter of 2021 and Tidewater remains proactive in its efforts to accelerate this timeline. Closing of the transaction will occur within ten days of receipt of regulatory approval.

Upon the closing of the Pioneer Transaction, the Pioneer Pipeline will be integrated into NGTL's and ATCO's Alberta integrated natural gas transmission systems to provide reliable natural gas supply to TransAlta's power generating units at Sundance and Keephills.

Tidewater and NGTL have agreed to terms and conditions to qualify Tidewater to receive interruptible storage services ("IT-S Service") at Tidewater's Brazeau River Complex storage facilities ("BRC Storage Facilities"). With the IT-S Service, Tidewater will be able to attract new, creditworthy storage customers at the BRC Storage Facilities, creating expansion opportunities to increase storage capacities at the BRC Storage Facilities. Subject to regulatory approvals, Tidewater and NGTL have also agreed to terms and conditions to qualify Tidewater for NGTL services with respect to the natural gas currently transported on the Pioneer Pipeline and incremental natural gas from increased access to the NGTL system, which will lead to higher fractionation and processing utilization levels at the BRC.

Brazeau River Complex and Fractionation Facility

The BRC remains a core asset for Tidewater, offering a full suite of services to producers, including C2, C3, C4 and C5 pipeline connections, NGL fractionation capacity, sweet and sour deep-cut gas processing capability, truck loading and offloading facilities, natural gas storage facilities and two natural gas egress solutions given the BRC's connection to the NGTL system and the Pioneer Pipeline.

Throughput at the BRC gas processing facility for the third quarter of 2020 was in-line with the previous quarter. Overall supply volumes at the fractionation facility increased approximately 1,000 bbl/day in the third quarter of 2020 relative to the prior quarter largely driven by increased truck-in supply and stronger NGL pricing.

Due to the recent improvement in AECO gas prices, the Corporation continues to see increased activity in the Deep Basin area near the BRC, which has led to the tie-in of additional raw gas volumes to the BRC from a mid-sized producer which came online in the fourth quarter of 2020. Tidewater continues to work diligently with producers to improve netbacks by fully utilizing the BRC's facilities.

Natural Gas Storage

Tidewater operates natural gas storage reservoirs at three different facilities: Dimsdale Paddy A (Pipestone Gas Storage Facility), Brazeau Nisku F, and Brazeau Nisku A. The Pipestone Gas Storage Facility and Brazeau Nisku A are owned through joint ventures with a private Canadian entity and are accounted for as equity investments.

The third quarter of 2020 demonstrated fair levels of market volatility which allowed the assets to perform well. July was characterized by stable and low pricing, mostly in the \$1.70/Mcf to \$2.10/Mcf range, allowing for consistent maximum injections. August was characterized by increasing price levels, combined with more pronounced backwardation in the forward curve allowing for structuring of paid injection deferrals to future periods. September generally saw spot prices decline over the month, starting in the \$2.67/Mcf range and returning to sub \$2.10/Mcf levels as the Corporation maintained maximum injections.

Operationally, all facilities performed well, with Pipestone Gas Storage facilities once again demonstrating daily injection rates in excess of forecasts in its first injection season following the 2019 expansion.

The Pipestone Gas Storage Facility is fully contracted with take-or-pay contracts spanning up to eight-years with multiple investment grade counterparties. The facility represents a significant step forward in Tidewater's fee-for-service gas storage business and offers producers at the Pipestone Gas Plant significant optionality where the plant has three egress solutions including connections to the TC Energy and Alliance systems and gas storage.

Similarly, both Brazeau Nisku A and Brazeau Nisku F storage pools have continued to build inventories through the latter half of the injection season while continuing to meet the Pioneer Pipeline delivery obligations and realizing liquids value benefit through cycling.

CAPITAL PROGRAM

During 2019, Tidewater commissioned three of the largest capital projects in the Corporation's history related to the Pioneer Pipeline, Pipestone Gas Plant and Pipestone Gas Storage Facility. The Corporation's focus in 2020 is on small-scale optimization and commissioning projects.

Tidewater's focus over the next 12 months is to employ the related cashflow generated from its 2019 large completed capital projects and PGR, as well as proceeds from the Pioneer Transaction, towards deleveraging with a target net debt to Adjusted EBITDA ratio of approximately 3.0x – 3.5x following the closing of the Pioneer Transaction. To date, Tidewater has not committed to a significant capital program in 2021, however continues to evaluate smaller capital projects with the potential to generate returns in excess of 50%.

SUMMARY OF QUARTERLY RESULTS

The following table presents a summary of Tidewater's quarterly results for the last eight quarters. 2018 comparative information has not been restated for the adoption of IFRS 16 "Leases" and, therefore, may not be comparable.

(In thousands of Canadian dollars, except per share information)

		Q3 2020	Q2 2020	Q1 2020	Q4 2019
Revenue	\$	273,461	\$ 178,568	\$ 252,464	\$ 266,247
Net income (loss) attributable to shareholders		(1,982)	(311)	(39,631)	(13,817)
Net income (loss) per share attributable to shareholders – basic and diluted		(0.01)	(0.00)	(0.12)	(0.04)
Adjusted EBITDA ⁽¹⁾	\$	47,602	\$ 41,873	\$ 41,506	\$ 39,987

(1) Refer to "Non-GAAP Measures"

(In thousands of Canadian dollars, except per share information)

		Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenue	\$	147,045	\$ 155,311	\$ 123,665	\$ 90,740
Net income (loss) attributable to shareholders		11,045	(4,086)	(7,135)	13,285
Net income (loss) per share attributable to shareholders – basic and diluted		0.03	(0.01)	(0.02)	0.04
Adjusted EBITDA ⁽¹⁾	\$	25,496	\$ 21,786	\$ 22,404	\$ 20,924

(1) Refer to "Non-GAAP Measures"

During 2020, Tidewater's results were impacted by the following factors and trends:

- three full quarters of revenue from PGR;
- higher net finance costs impacting earnings associated with debt related to 2019 financing of acquisitions and growth projects;
- larger unrealized losses on derivative contracts due to significant decrease in forecasted crude prices experienced in March 2020;
- decrease in demand for refined product as a result of COVID-19 during March and April; and
- the market impacts from the COVID-19 pandemic creating further volatility and fluctuations in overall prices and differentials.

During 2019, Tidewater's results were impacted by the following factors and trends:

- the PGR acquisition on November 1, 2019;
- the commissioning of the Pipestone Gas Plant in September 2019 and Pioneer Pipeline in May 2019
- realized gains on derivatives due to settlement of crude oil hedges during the third and fourth quarters of 2019;
- higher net finance costs impacting earnings associated with debt related to financing acquisitions and growth projects;
- higher depreciation expense attributable to right-of-use asset additions as a result of IFRS 16 and full-quarter depreciation expense on Pipestone Gas Plant completed during the third quarter; and
- lower Alberta tax rates following the enactment of Bill 3 in June 2019;

LIQUIDITY AND CAPITAL RESOURCES

Liquidity Sources

The Corporation's primary liquidity and capital resource needs are to fund ongoing capital expenditures, future growth opportunities, interest payments, working capital and a stable dividend.

The Corporation had the following contractual obligations as at September 30, 2020 and December 31, 2019:

	September 30, 2020		December 31, 2019	
	Less than one year	Greater than one year	Less than one year	Greater than one year
Accounts payable and accrued liabilities	\$ 260,586	\$ -	\$ 263,513	\$ -
Derivative contracts	15,245	36,716	1,892	2,274
Dividend payable	3,386	-	3,374	-
Interest payable	2,398	-	1,951	-
Lease liabilities and other	45,850	153,349	41,849	132,694
Bank debt	-	666,485	-	648,970
Notes payable	-	123,346	-	122,831
Convertible debentures	-	67,004	-	65,789
	\$ 327,465	\$ 1,046,900	\$ 312,579	\$ 972,558

The Corporation's Senior Credit Facility is used to provide financing for working capital, fund capital expenditures and acquisitions and for other general corporate purposes. As at September 30, 2020, total availability under the Corporation's Senior Credit Facility was \$600 million. The Corporation has the ability to increase this limit to \$650 million, subject to certain conditions. The Senior Credit Facility matures on August 23, 2022. In conjunction with the acquisition of PGR, Tidewater entered into a credit agreement that established a \$100 million Second Lien Term Loan, subordinated to the Senior Credit Facility, which provided for only a single draw on the facility at the closing of the acquisition. The credit facility matures on October 31, 2022 and can be repaid prior to maturity with net proceeds from an issuance of equity or equity like securities or high yield instruments. The amount borrowed under this facility bears interest at a bankers' acceptance rate + 500 bps stamping fee. The interest rate will increase at a rate of 50 bps per quarter to a maximum of the bankers' acceptance rate + 750 bps stamping fee. The Second Lien Term Loan is subject to the same financial covenants as the Senior Credit Facility.

The Corporation is required to meet certain financial covenants under its Senior Credit Facility and is also subject to customary restrictions on its notes payable and Senior Credit Facility including restrictions on the granting of security, incurring indebtedness and the sale of its assets.

The key financial covenants include a consolidated debt to Adjusted EBITDA ratio of less than or equal to 4.50:1; a consolidated first lien senior debt to Adjusted EBITDA ratio of less than or equal to 3.50:1; and a consolidated EBITDA to interest coverage ratio of greater than or equal to 2.50:1. The Corporation may include up to 15% of projected annual Adjusted EBITDA attributable to material projects currently under construction based on certain criteria. At September 30, 2020, the Corporation was in compliance with its financial covenants.

Adjusted EBITDA is defined under the Senior Credit Facility as net income (loss) plus finance costs and other, deferred income tax expense, depreciation, unrealized loss (gain) on derivative contracts, share-based compensation, foreign exchange (gains) losses, gains/losses on asset disposal, transaction costs and non-recurring transactions. Consolidated debt is defined as first and second lien debt and notes payable. First lien debt is comprised of amounts drawn under the Senior Credit Facility. Interest coverage ratio is calculated as adjusted EBITDA divided by interest expense prior to capitalized interest.

With its net cash generated by operating activities, combined with the proceeds on the Pioneer Transaction, Tidewater will reduce its leverage throughout 2021. Tidewater anticipates that net cash provided by operating activities, cash flow generated from growth projects, and cash available from Tidewater's Senior Credit Facility and other sources of financing will be sufficient to meet its obligations and financial commitments and will provide sufficient funding for anticipated capital expenditures. The current financial position of the Corporation is able to provide sufficient financial flexibility and resources to manage its liquidity requirements during the COVID-19 pandemic. Accordingly, over the short-term the Corporation expects to maintain sufficient liquidity sources to fund its ongoing operations, debt service requirements, dividend payments and working capital needs. However, depending on the duration and severity of the COVID-19 pandemic Tidewater's ability to access financing in the capital markets could be impacted.

Due to the nature of the energy midstream industry, budgets are regularly reviewed with respect to the success of the expenditures and other opportunities that become available to the Corporation. Tidewater's actual expenditures may vary depending on a variety of factors, including the availability of equipment and personnel, unexpected expenses, delays in the receipt of necessary regulatory approvals, permits and licenses, and the success of Tidewater's business development activities, among other variables.

The most significant exposure faced by the midstream business is related to declines in production volumes. With Tidewater's facilities located in significant natural gas supply areas, high barriers to entry of new participants and current and future take-or-pay contracts and gas storage facilities, net cash provided by operating activities is anticipated to remain stable and be sufficient to support operations, fund sustaining capital expenditures and generate distributable cash flow. The financial performance of Tidewater's refining operations is impacted by the margin between refined product prices and the prices of refinery feedstock. Refining margins are subject to seasonal factors as production changes to match seasonal demand and were impacted by the COVID-19 pandemic earlier in the year but have since rebounded as refined product demand has increased.

Cash Flow Summary

The following table summarizes the Corporation's sources and uses of funds for the three and nine months ended September 30, 2020 and 2019 from continuing operations:

Cash flows provided by (used in) <i>(in thousands of Canadian dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Operating activities	\$ 63,990	\$ (2,404)	\$ 150,965	\$ 23,301
Financing activities	\$ (38,519)	\$ 72,156	\$ (68,455)	\$ 343,010
Investing activities	\$ (27,286)	\$ (69,979)	\$ (77,366)	\$ (367,364)

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities was \$64.0 million for the three months ended September 30, 2020, compared to cash used in operating activities of \$2.4 million for the three months ended September 30, 2019. For the nine months ended September 30, 2020, net cash provided by operating activities was \$151.0 million compared to net cash provided by operating activities of \$23.3 million for the same period in 2019. The changes in net cash provided by operating activities between the 2020 and 2019 periods were primarily due to additional operating cash flows from PGR and Pipestone Gas Plant and changes in non-cash working capital resulting from differences in the timing of payments, equalization adjustments and flow-through operating fee charges.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities was \$38.5 million for the three months ended September 30, 2020, compared to net cash provided by financing activities of \$72.2 million for the three months ended September 30, 2019. Net cash used in financing activities was \$68.5 million for the nine months ended September 30, 2020, compared to net cash provided by financing activities of \$343.0 million for the nine months ended September 30, 2019. The reduction in net cash provided by financing activities in 2020 compared to 2019 is attributable to reduced draws on the Corporation's credit facilities to fund its organic growth projects in 2019 and increased interest payments in 2020.

The Corporation continues to pay dividends on a quarterly basis at \$0.01 per common share.

Net Cash Used in Investing Activities

Net cash used in investing activities was \$27.3 million and \$77.4 million for the three and nine months ended September 30, 2020 respectively, compared to \$70.0 million and \$367.4 million for the three and nine months ended September 30, 2019. The decrease in net cash used in investing activities was the result of reductions in capital expenditures from the Corporation's 2019 capital program and proceeds received from the sale of non-core assets.

Capital Expenditures

The following table summarizes acquisitions, growth and maintenance capital expenditures for the three and nine month periods ended September 30, 2020 and 2019:

<i>(in thousands of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30, 2020	2019	September 30, 2020	2019
Growth capital	\$ 18,639	47,325	\$ 39,002	388,518
Maintenance capital	6,160	3,131	11,530	5,225
Total additions to property, plant and equipment as per statement of cash flows	\$ 24,799	50,456	\$ 50,532	393,743

Growth Capital

Growth capital expenditures for the third quarter of 2020 were \$18.6 million, compared to \$47.3 million for the third quarter of 2019. In the current period, Tidewater's growth capital has been focused on its small-scale optimization, debottlenecking and blending projects.

During the nine months ended September 30, 2020 growth capital was \$39.0 million compared to \$388.5 million for the nine months ended September 30, 2019. The decrease period over period was due to continued construction on the Pipestone Gas Plant, Pioneer Pipeline and Pipestone Gas Storage Facility projects in 2019. In the current period Tidewater's growth capital has been focused on its small-scale optimization and commissioning projects.

Maintenance Capital

Tidewater places a high priority on the maintenance and upgrading of its assets to provide safe and reliable services to its customers. Maintenance capital expenditures for the three months ended September 30, 2020 were \$6.2 million, compared to \$3.1 million for the same period of 2019. Maintenance capital expenditures for the nine months ended September 30, 2020 and 2019 were \$11.5 million and \$5.2 million respectively. The increase in maintenance capital is attributable to the increase in the Corporation's asset base at September 30, 2020 compared to September 30, 2019 and the timing of planned maintenance programs.

CONTRACTUAL LIABILITIES AND COMMITMENTS

At September 30, 2020, the Corporation had commitments related to leased (right-of-use) assets, energy service fees, firm transportation contracts and long-term debt. Lease liabilities relate to office leases for the Corporation's office space, rail tank cars, vehicles, field buildings, pipelines, various equipment leases and energy service arrangements. The firm transportation contracts relate to firm service contracts with TC Energy, Alliance, NGTL, Pembina and Capline ranging from one to ten years.

The Corporation had the following contractual obligations and commitments, excluding those recognized as leases, as at September 30, 2020:

	Within one year	After one year but not more than five years	More than five years	Total
Bank debt ⁽¹⁾	\$ -	\$ 666,485	\$ -	\$ 666,485
Notes payable interest ⁽²⁾	8,425	12,668	-	21,093
Notes payable repayment ⁽²⁾	-	125,000	-	125,000
Convertible debentures interest ⁽³⁾	4,125	12,386	-	16,511
Convertible debentures repayment ⁽³⁾	-	75,000	-	75,000
Firm transportation contracts ⁽⁴⁾	41,148	168,347	252,957	462,452
Total	\$ 53,698	\$ 1,059,886	\$ 252,957	\$ 1,366,541

⁽¹⁾ The Corporation's Senior Credit Facility is due August 23, 2022, the Second Lien Term Loan is due October 31, 2022.

⁽²⁾ Fixed interest payments on notes payable. The notes payable mature on December 19, 2022.

⁽³⁾ Fixed interest payments on convertible debentures. The convertible debentures mature on September 30, 2024.

⁽⁴⁾ Fixed transportation contracts are presented gross of flow-through operating cost recoveries from customers.

The Corporation does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Corporation's financial performance. On occasion, the Corporation issues letters of credit in connection with transactions in which the counterparty requires such security. The Corporation has \$36.9 million in letters of credit issued to facilitate commercial transactions with third parties and to support regulatory requirements. The letters of credit are issued under a separate facility from the Senior Credit Facility.

OUTSTANDING EQUITY

At November 11, 2020, Tidewater had the following outstanding common shares, RSUs, DSUs and options:

(In thousands)

Common shares	338,727
RSUs	12,834
DSUs	383
Options	15,904

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are in the normal course of business and are recorded at market rates. The transactions with related parties during the three and nine months ended September 30, 2020 are summarized in the following table:

<i>(in thousands of Canadian dollars)</i>	Three months ended September 30, 2020		Nine months ended September 30, 2020	
	Revenue	Operating expenses	Revenue	Operating expenses
Related Party				
Highwood Oil Company Ltd. ⁽¹⁾	\$ -	\$ -	\$ 880	\$ 350
Fireweed Energy Ltd. ⁽²⁾	-	-	-	4
Tidewater Brazeau Gas Storage LP ⁽³⁾	864	610	2,633	1,909
Tidewater Pipestone Infrastructure LP ⁽⁴⁾	-	-	-	-
Total	\$ 864	\$ 610	\$ 3,513	\$ 2,263

The related party balances included in the condensed interim consolidated statement of financial position as at September 30, 2020 are summarized in the following table:

<i>(in thousands of Canadian dollars)</i>	As at September 30, 2020	
	Accounts receivable	Accounts payable
Related Party		
Highwood Oil Company Ltd. ⁽¹⁾	\$ 1,220	\$ -
Fireweed Energy Ltd. ⁽²⁾	-	11
Tidewater Brazeau Gas Storage LP ⁽³⁾	2,967	-
Tidewater Pipestone Infrastructure LP ⁽⁴⁾	6,015	-
Total	\$ 10,202	\$ 11

- (1) Highwood Oil Company Ltd. is a public company, of which Tidewater's Chief Executive Officer, Joel Macleod, is a controlling shareholder. The related party transactions with Highwood Oil Company Ltd. consist of gas processing fee revenue, retail propane sales, trucking revenue and commodity purchases.
- (2) Fireweed Energy Ltd. is a private company, whose Chief Executive Officer, Steve Holyoake, is a member of Tidewater's Board of Directors. The transactions involving Fireweed Energy Ltd. relate to gas processing fee revenue and non-operated plant expenses.
- (3) Tidewater Brazeau Gas Storage LP is a joint arrangement partnership. The transactions involving Tidewater Brazeau Gas Storage LP consist of gas processing fee revenue, gas storage fee expenses and commodity purchases.
- (4) Tidewater Pipestone Infrastructure LP is a joint arrangement partnership. The transactions involving Tidewater Pipestone Infrastructure LP consist of flow-through expenditures as operator of the facility.

For the three and nine months ended September 30, 2020, Tidewater had no other transactions with related parties, except those pertaining to contributions to Tidewater's long-term incentive plans and remuneration of key management personnel in the ordinary course of their employment.

FINANCIAL INSTRUMENTS

Tidewater's financial instruments consist of cash, accounts receivable, finance lease receivable, derivative contracts, investments, accounts payable and accrued liabilities, lease liabilities, dividends payable, interest payable, bank debt, notes payable and convertible debenture liability. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, foreign exchange or credit risk arising from these financial instruments.

The majority of Tidewater's accounts receivable are due from entities in the oil and gas industry and are subject to normal industry credit risks. Approximately 50% of the Corporation's cashflow is derived from investment grade counterparties. Tidewater evaluates and monitors the financial strength of its customers in accordance with its credit policy. Financial assurances to mitigate and reduce risk may include letters of credit and prepayments. With respect to counterparties for financial instruments used for hedging purposes, the Corporation limits its credit risk through dealing with recognized futures exchanges or investment-grade financial institutions and by maintaining credit policies which minimize overall counterparty credit risk. At September 30, 2020, total revenue attributable to Husky from all revenue streams accounted for approximately 40% of the Corporation's revenue. Revenue earned from Husky was \$109.1 million and \$289.4 million for the three and nine months ended September 30, 2020, respectively. The Corporation believes the credit risk associated with Husky is minimal.

Tidewater employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Corporation's business objectives and risk tolerance levels.

The Corporation enters into certain financial derivative contracts to manage commodity price, power and foreign exchange risk. These instruments are not used for speculative purposes. The Corporation has not

designated its financial derivative contracts as effective accounting hedges, even though the Corporation considers all commodity, power, interest rate and foreign exchange contracts to be effective economic hedges. Such financial derivative contracts are recorded on the condensed interim consolidated statement of financial position at fair value, with changes in the fair value being recognized as an unrealized loss (gain) on the consolidated statement of net income (loss) and comprehensive income (loss).

RISK MANAGEMENT

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 operation of Tidewater are described within the Corporation's Annual Information Form ("AIF"), an electronic copy of which is available on Tidewater's SEDAR profile at www.sedar.com. The Corporation's financial risks are discussed in note 20 of the Condensed Interim Consolidated Financial Statements.

Factors Related Primarily to the COVID-19 Pandemic and Excess Crude Supply Situation

Tidewater has identified the following as potential direct or indirect impacts to its business and operations from the pandemic. These risks may adversely impact the Corporation's ability to carry out its business plans for 2020.

Employees and contractors

- the Corporation's ability to keep essential operating personnel in place may be challenged as a result of potential COVID-19 outbreaks or quarantines;
- the delay or suspension of work due to workforce disruption caused by workers becoming infected with COVID-19, or government or health authority shelter in place orders, quarantine orders, mandated restrictions on travel by workers or closure of facilities; and
- reduction of the Corporation's workforce to adjust to market conditions, including severance payments, retention issues, and an inability to hire employees when market conditions improve.

Market fundamentals

- the continuation of volatility in global crude oil demand and crude oil prices for an uncertain period of time that correspondingly may lead to a significant reduction of domestic crude oil, NGL and natural gas production (whether due to reduced producer cash flow to fund drilling activities or the inability of producers to access capital, the unavailability of pipeline and/or storage capacity, the shutting-in of production by producers, government-mandated pro-ration orders, or other factors), which in turn could result in significant declines in volume of crude oil and NGL shipped, processed, purchased, stored, refined, fractionated and/or gathered at or through the use of the Corporation's assets and/or the reduction of commercial opportunities that might otherwise be available to the Corporation;
- uncertainty regarding the length of time until the slow of the spread of the COVID-19 virus to the point where applicable authorities are comfortable easing current restrictions on various commercial and economic activities and the extent to which consumer demand rebounds once such restrictions are lifted; such restrictions are designed to protect public health but also have the effect of significantly reducing demand for crude oil; and
- uncertainty regarding the timing, pace and extent of an economic recovery in Canada and elsewhere, which in turn will likely affect demand for refined product and therefore the demand for the midstream services the Corporation provides.

Counterparty and supplier risk

- notices from customers, suppliers and other third parties arguing that their non-performance under the Corporation's contracts with them is permitted as a result of force majeure or other reasons, including as specifically related to COVID-19; the refusal or inability of the Corporation's customers or counterparties to perform their obligations under their contracts with Tidewater (including commercial contracts, asset sale agreements and other agreements), whether justified or not and whether due to financial constraints (reduced creditworthiness, liquidity issues or insolvency), market constraints, legal constraints (including governmental orders or guidance), the exercise of contractual or common law rights that allegedly excuse their performance (such as force majeure or similar claims) or other factors;
- the Corporation's inability to perform its obligations under its contracts, whether due to non-performance by third parties, including its customers or counterparties, market constraints, third-party constraints, legal constraints (including governmental orders or guidance), or other factors;
- liquidity challenges related to COVID-19, including impacts pertaining to delayed customer payments and payment defaults associated with customer liquidity issues and bankruptcies; and
- litigation risk and possible loss contingencies related to COVID-19 and its impact, including with respect to commercial contracts, employee matters and insurance arrangements.

Access to capital

- the Corporation's ability to obtain additional capital including, but not limited to, debt and equity financing, being adversely impacted as a result of unpredictable financial markets, foreign currency exchange rates, commodity prices and/or a change in market fundamentals;
- global financial markets continue to be subject to volatility, resulting in a significant reduction in many major market indices and in Tidewater's share price; and
- a need to preserve liquidity related to COVID-19, which could result in a reduction or suspension of the Corporation's quarterly dividend.

Cybersecurity

- as digital technologies may become more vulnerable and experience a higher rate of cyberattacks in the current environment of remote connectivity related to COVID-19.

ENVIRONMENTAL REGULATION AND CLIMATE CHANGE

Tidewater is subject to a range of laws, regulations and requirements imposed by various levels of government and regulatory bodies in the jurisdictions in which it operates, including regulations that restrict or limit the release of emissions or specific substances.

While these legal controls and regulations affect numerous aspects of Tidewater's activities, including but not limited to, the operation of wells, pipelines and facilities, construction activities, emergency response, operational safety and environmental procedures, Tidewater does not believe that they impact its operations in a manner materially different from other comparable businesses operating in the same jurisdictions.

The Corporation's facilities are subject to provincial and federal environmental legislation and regulations. Among other things, the environmental regulatory regime provides restrictions and prohibitions on releases or emissions of various substances produced in association with certain oil and natural gas industry operations. Environmental regulation affects the operation of facilities and limits the extent to

which facility expansion is permitted. In addition, legislation requires that facility sites and pipelines be abandoned and reclaimed to the satisfaction of provincial authorities and local landowners. A breach of such legislation may result in the imposition of fines, the issuance of clean-up orders or the shutting down of facilities and pipelines.

Greenhouse gases, primarily carbon dioxide and methane emissions, are subject to regulatory reporting requirements as well as limitations in the jurisdictions in which Tidewater operates. Tidewater is compliant with the Alberta regulatory framework under the Technology Innovation and Emissions Regulation (TIER). TIER applies to facilities that emit 100,000 tonnes or more of greenhouse gases in 2016 or in any subsequent year as well as the aggregate of small conventional oil and gas facilities. Emissions reduction obligations are determined according to a facility-specific benchmark approach, and high-performance benchmark approach.

As of January 1, 2020 facilities that meet criteria for inclusion as well as those that have opted into TIER have been granted equivalency with the Environment and Climate Change Canada ("ECCC") and will not be subject to the Federal Fuel Charge under the Greenhouse Gas Pollution Pricing Act ("GGPPA").

Tidewater is also compliant with the British Columbia Greenhouse Gas Emission Reporting Regulation which applies to facilities that emit 10,000 tonnes or more of greenhouse gases per year. Other applicable regulations that limit greenhouse gas emissions include the Low Carbon Fuel Standard to which fuel supply is regulated in BC. Economic incentives, together with the price signal created by the BC carbon tax, work to drive innovation and reduce greenhouse gas emissions for Tidewater operations in BC. This includes a carbon credit market, CleanBC Program funding for applicable projects, and a CleanBC Incentive Fund that provides incentive payments according to a sector-based benchmark approach.

Tidewater continuously monitors legislative initiatives and overall regulatory trends across Canada and the U.S. so it is aware of potential developments that could affect its business and operations. The Corporation is closely monitoring these evolving GHG regulations to ensure it has a thorough understanding of the current regulations, as they continue to develop at both the provincial and federal levels where the Corporation operates. In anticipation of increased compliance costs as a result of these regulatory changes, Tidewater is developing a Corporate GHG and Carbon Strategy with industry leading professionals to reduce its carbon footprint, reduce GHG compliance costs and mitigate future increased financial risk. Tidewater has forecasted out several years of future compliance obligation costs which will be incorporated into its annual budget.

ENVIRONMENTAL SOCIAL GOVERNANCE

Tidewater remains committed to improving its Environmental, Social and Governance ("ESG") performance and disclosure by reducing emissions with responsible and efficient energy infrastructure investment, enhancing environmental performance and improving disclosure through the posting of Tidewater's ESG metrics on its website. Tidewater's ESG Management Committee continues to meet weekly. In November 2020 as part of its commitment to enhancing disclosures, Tidewater published a significant increase in ESG metrics and corporate policy disclosures which highlight several improving trends. This information is available at www.tidewatermidstream.com/esg/. Under this section Tidewater has provided an overview of its recent ESG accomplishments, identified key relevant metrics to track, recognized improvement opportunities, and published goals to improve overall sustainability.

In line with Tidewater's commitment to actively improve the quality of the communities in which we work and live, Tidewater is pleased to be recognized as the First and Founding partner of Project Forest. This initiative is a non-profit that is focused on rewilding local landscapes to capture carbon naturally by

bringing likeminded, environmentally conscious organizations together to plant trees and create forests. For more information related to Project Forest please visit www.projectforest.ca

With Tidewater's integrated network of infrastructure assets, it is well positioned to be an important part of this evolution, including the construction and operation of the Pioneer Pipeline which developed the infrastructure for TransAlta to convert their coal fired power generation stations to use clean natural gas provided by the BRC. Further, PGR is one of the only refineries in Western Canada that can utilize renewables to reduce its carbon footprint including canola oil, biodiesel and ethanol.

For a detailed discussion of environmental regulations that affect Tidewater, political and legislative development as they relate to climate change and the risks associated therewith, see the Corporation's AIF available at www.sedar.com.

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 interim condensed consolidated financial statements is discussed in note 2 of the consolidated Financial Statements for the year ended December 31, 2019. There have been no material changes to the Corporation's critical accounting estimates and judgments during the three and nine months ended September 30, 2020, except for the general impact of significant uncertainties created by the COVID-19 pandemic, as discussed below.

The full extent of the COVID-19 pandemic to the global economy remains unknown at this time and to date has resulted in extreme volatility in global financial markets. The Corporation applied judgment and will continue to assess the situation in determining the impact of the significant uncertainties created by these events and conditions on the carrying amounts of its assets and liabilities.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures ("DC&P")

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

Internal Controls Over Financial Reporting ("ICFR")

Tidewater's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting ("ICFR"). They have as at the period ended September 30, 2020, designed ICFR, or caused it to be designed under their supervision, to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used by the officers to design the Corporation's ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations.

The Corporation's Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. No material changes in the ICFR were identified during the interim period ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

NON-GAAP MEASURES

Throughout this MD&A, Tidewater has used the following terms that are not defined by GAAP but are used by management to evaluate the performance of the Corporation. Since non-GAAP measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies, securities regulations require that non-GAAP measures are clearly defined, qualified and reconciled to their nearest GAAP measure. Except as otherwise indicated, these non-GAAP 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 intent of non-GAAP measures is to provide additional useful information to investors and analysts though the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate these non-GAAP measures differently.

Adjusted EBITDA

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

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

In accordance with IFRS, Tidewater's jointly controlled investments are accounted for using equity accounting. Under equity accounting, net earnings from investments in equity accounted investees are recognized in a single line item in the consolidated statement of net income (loss) and comprehensive income (loss). The adjustments made to net income (loss), as described above, are also made to share of profit from investments in equity accounted investees.

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

<i>(in thousands of Canadian dollars except per share information)</i>	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ (2,433)	\$ 10,677	\$ (42,988)	\$ (1,195)
Deferred income tax expense (recovery)	(4,722)	5,465	(16,687)	(4,016)
Depreciation	22,683	17,552	67,355	46,380
Finance costs	16,533	8,737	55,459	16,139
Share-based compensation	1,711	1,656	5,522	7,361
Loss (gain) on sale of assets	10,726	(2,069)	7,686	(3,353)
Unrealized (gain) loss on derivative contracts	441	(17,647)	47,488	5,647
Transaction costs	954	893	1,218	1,967
Non-recurring transactions	864	232	1,337	756
Adjustment to share of profit from equity accounted investments	845	-	4,591	-
Adjusted EBITDA	\$ 47,602	\$ 25,496	\$ 130,981	\$ 69,686

Distributable cash flow and distributable cash flow per common share

Distributable cash flow and distributable cash flow per common share are non-GAAP measures. Management believes distributable cash flow is a useful metric for investors when assessing the amount of cash flow generated from normal operations and to evaluate the adequacy of internally generated cash flow to fund dividends. Distributable cash flow is calculated as net cash provided by operating activities before changes in non-cash working capital plus cash distributions from investments, transaction costs, non-recurring expenses, and after any expenditures that use cash from operations. Changes in non-cash working capital are excluded from the determination of distributable cash flow because they are primarily the result of seasonal fluctuations or other temporary changes and are generally funded with short term debt or cash flows from operating activities. Deducted from distributable cash flow are maintenance capital expenditures, including turnarounds, as they are ongoing recurring expenditures which are funded from operating cash flows. Transaction costs are added back as they vary significantly quarter to quarter based on the Corporation's acquisition and disposition activity. It also excludes non-recurring transactions that do not reflect Tidewater's ongoing operations.

Distributable cash flow per common share is calculated as distributable cash flow over the weighted average number of common shares outstanding for the three and nine months ended September 30, 2020. To calculate the dilutive effect of share awards and convertible debentures, the weighted average dilutive shares, as calculated in the net income (loss) attributable to shareholders - diluted, are added to the weighted average common shares outstanding and used as the denominator. Investors should be cautioned that distributable cash flow and distributable cash flow per common share should not be construed as alternatives to earnings or other measures of financial results determined in accordance with GAAP as an indicator of the Corporation's performance and may not be comparable to companies with similar calculations.

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

<i>(in thousands of Canadian dollars except per share information)</i>	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 63,990	\$ (2,404)	\$ 150,965	\$ 23,301
Add (deduct):				
Changes in non-cash working capital	(22,432)	24,279	(32,405)	36,798
Transaction costs	954	893	1,218	1,967
Income from equity investment	-	1,848	-	1,431
Non-recurring transactions	864	232	1,337	756
Interest and financing charges	(11,937)	(3,554)	(35,480)	(7,587)
Payment of lease liabilities, net of sublease payments	(14,701)	(6,022)	(40,479)	(12,112)
Maintenance capital	(6,160)	(3,131)	(11,530)	(5,225)
Distributable cash flow	\$ 10,578	\$ 12,141	\$ 33,626	\$ 39,329
Distributable cash flow per common share				
– basic	\$ 0.03	\$ 0.04	\$ 0.10	\$ 0.12
Distributable cash flow per common share				
– diluted	\$ 0.03	\$ 0.03	\$ 0.10	\$ 0.12

Tidewater expects to pay dividends from distributable cash flow, however the Corporation is entirely dependent upon its operations and assets to pay cash dividends to shareholders. Dividends declared for the three months ended September 30, 2020 were \$3.4 million or approximately 32% of distributable cash flow. Dividends declared for the nine months ended September 30, 2020 were \$10.1 million or approximately 30% of distributable cash flow. Growth capital expenditures will be funded from operating cash flow, along with proceeds from additional debt or equity, as required. The decrease in distributable cash flow between 2020 and 2019 was mainly related to increased financing costs from increased draws on the Corporation's credit facility in connection with substantial completion of the 2019 capital program and the Prince George Refinery acquisition. Distributable cash flow remains consistent between the second and third quarters of 2020.

Tidewater's objective is to payout stable dividends throughout the year. There is no assurance regarding the amounts of cash to be distributed by Tidewater or generated by Tidewater and therefore, the funds available for distribution to shareholders. The actual amount distributed will depend on a variety of factors, including without limitation, the performance of the Corporation's assets, the effect of acquisitions on Tidewater, and other factors that may be beyond the control of Tidewater. In the event significant capital expenditures are required or the profitability of Tidewater declines, there would be a decrease in the amount of cash available for distribution to shareholders and such decrease could be material. Tidewater's dividend policy is subject to change at the discretion of the Board of Directors of the Corporation. The actual amount of future dividends is proposed by management and is subject to the approval and discretion of the Board of Directors. The Board reviews future dividends in conjunction with their review of quarterly financial and operating results.

Growth capital expenditures will be funded from cash, retained operating cash flow, and additional debt or equity, as required.

Payout Ratio

<i>(in thousands of Canadian dollars except percentage information)</i>	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Dividends declared	\$ 3,386	\$ 3,349	\$ 10,147	\$ 9,969
Distributable cash flow	\$ 10,578	\$ 12,141	\$ 33,626	\$ 39,329
Payout ratio	32%	28%	30%	25%

Payout ratio is calculated by expressing dividends declared to shareholders for the period as a percentage of distributable cash flow attributable to shareholders. This measure, in combination with other measures, is used by the investment community to assess the sustainability of the current dividends.

Net Debt

(in thousands of Canadian dollars)

	September 30, 2020	September 30, 2019
Senior Credit Facility	567,453	333,400
Second Lien Term Loan - principal	100,000	-
Notes payable	123,346	122,688
Convertible debentures - principal	75,000	75,000
Cash	(10,929)	(4,914)
Net debt	\$ 854,870	\$ 526,174

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, notes payable and convertible debentures, less cash. The Corporation's net debt has increased as at September 30, 2020 compared to September 30, 2019 as a result of increased bank debt due to the acquisition of PGR as well as overall growth and capital projects of the Corporation, and the issuance of convertible debentures. Net debt excludes working capital, lease liabilities and derivative contracts as the Corporation monitors its capital structure based on consolidated net debt to Adjusted EBITDA, consistent with its credit facility covenants as described in Liquidity and Capital Resources.

Growth capital

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

Maintenance capital

Maintenance capital expenditures are generally defined as expenditures which support and/or maintain the current capacity, cash flow or earnings potential of existing assets without the associated benefits characteristic of growth capital expenditures. These expenditures include major inspections and overhaul costs that are required on a periodic basis. This measure is used by the investment community to assess the extent of non-discretionary capital spending.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively, “forward-looking statements”). Such forward-looking statements relate to possible events, conditions or financial performance of the Corporation based on future economic conditions and courses of action. All statements other than statements of historical fact are forward-looking statements. The use of any words or phrases such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “will likely result”, “are expected to”, “will continue”, “is anticipated”, “believes”, “estimated”, “intends”, “plans”, “projection”, “outlook” and similar expressions are intended to identify forward-looking statements. 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 there is a reasonable basis for the expectations reflected in the forward-looking statements, however no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this MD&A should not be unduly relied upon by investors.

Specifically, this MD&A contains forward-looking statements relating to but not limited to:

- targeted Net Debt to Adjusted EBITDA of 3.0x to 3.5x with the closing of the Pioneer Transaction;
- expected volatility of financial markets and commodity prices into 2021;
- guidance with respect to forecasted Adjusted EBITDA;
- continued consistent performance of the Corporation’s facilities into 2021;
- the pace of reintegration of the Corporation’s workforce to its business offices;
- forecasted payout ratio and the projected use of Distributable Cash Flow to reduce leverage;
- projections with respect to net debt to Adjusted EBITDA subsequent to the completion of the Pioneer Transaction;
- the Corporation’s continuing evaluation of opportunities to develop future low-carbon fuel and renewable energy projects at the PGR and expansion and optimization opportunities at the PGR;
- anticipated closing of a transaction to sell the Pioneer Pipeline to ATCO, the sale of certain ancillary assets to TransAlta Corporation, the Corporation’s expectations regarding timing to close such transactions, the Corporation’s expectations regarding receipt of regulatory approval for such transactions;
- anticipated integration of the Pioneer Pipeline into NGTL’s and ATCO’s Alberta integrated natural gas transmission systems
- projected use of proceeds from the sale of the Pioneer Pipeline;
- projections with respect to the returns on proposed small capital projects;
- the Corporation’s expectations to receive IT-S service at the BRC that will attract new, creditworthy storage customers that will create new expansion opportunities to increase storage capacity;
- the Corporation’s focus on generating cash flow, increasing liquidity and reducing leverage;
- the Corporation’s reiteration of guidance of forecasted Adjusted EBITDA for the full year 2020;
- forecasts with respect to future environmental and climate change compliance obligation costs;
- Tidewater’s expectations to pay dividends from distributable cash flow; and
- expectations that net cash provided by operating activities, cash flow generated from growth projects and cash available from Tidewater’s Senior Credit Facility and other sources of financing will be sufficient to meet its obligations and financial commitments and will provide sufficient funding for anticipated capital expenditures.

Such forward-looking statements of information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this document, assumptions have been made regarding, among other things:

- Tidewater's ability to execute on its business plan;
- the timely receipt of all governmental and regulatory approvals sought by the Corporation including with respect to the anticipated sale of the Pioneer Pipeline;
- that any third-party projects relating to the Corporation's divestitures will be sanctioned and completed as expected;
- that there are no unforeseen events preventing the performance of contracts;
- the amount of future liabilities relating to lawsuits and environmental incidents and the availability of coverage under the Corporation's insurance policies
- that there are no unforeseen material changes related to the Corporation's planned divestitures and that counterparties will comply with contracts in a timely manner;
- Husky volume demands from the PGR are consistent with forecasts;
- that formal agreements with counterparties will be executed in circumstances where letters of intent or similar agreements have been executed and announced by Tidewater and that such transactions will close as expected;
- the amount of future liabilities relating to lawsuits and environmental incidents;
- oil and gas industry expectation and development activity levels and the geographic region of such activity;
- the Corporation's ability to obtain and retain qualified staff and equipment in a timely and cost-effective manner;
- assumptions regarding amount of operating costs to be incurred;
- that there are no unforeseen material costs relating to the facilities which are not recoverable from customers;
- distributable cash flow and net cash provided by operating activities are consistent with expectations;
- the ability to obtain additional financing on satisfactory terms;
- the availability of capital to fund future capital requirements relating to existing assets and projects;
- the ability of Tidewater to successfully market its products; and
- the Corporation's future debt levels and the ability of the Corporation to repay its debt when due.

Actual results achieved will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors including but not limited to:

- changes in demand for refined products;
- general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates stock market volatility and supply/demand trends;
- activities of producers and customers and overall industry activity levels;
- failure to negotiate and conclude any required commercial agreements;
- non-performance of agreements in accordance with their terms;
- failure to execute formal agreements with counterparties in circumstances where letters of intent or similar agreements have been executed and announced by Tidewater;
- failure to close transactions as contemplated and in accordance with negotiated terms;
- the regulatory environment and decisions and First Nations and landowner consultation requirements;
- risks and impacts related to widespread epidemic or pandemic outbreaks, including COVID-19;
- climate change initiatives or policies or increased environmental regulation;

- that receipt of third party, regulatory, environmental and governmental approvals and consents relating to Tidewater's capital projects can be obtained on the necessary terms and in a timely manner;
- that the resolution of any particular legal proceedings could have an adverse effect on the Corporation's operating results or financial performance;
- the ability to secure land and water, including obtaining and maintaining land access rights;
- operational matters, including potential hazards inherent in the Corporation's operations and the effectiveness of health, safety, environmental and integrity programs;
- actions by governmental authorities, including changes in government regulation, tariffs and taxation;
- changes in operating and capital costs, including fluctuations in input costs;
- environmental risks and hazards, including risks inherent in the transportation of NGLs which may create liabilities to the Corporation in excess of the Corporation's insurance coverage, if any;
- actions by joint venture partners or other partners which hold interests in certain of the Corporation's assets;
- reliance on key relationships and agreements;
- construction and engineering variables associated with capital projects, including the availability of contractors, engineering and construction services, accuracy of estimates and schedules, and the performance of contractors;
- the availability of capital on acceptable terms;
- changes in the credit-worthiness of counterparties;
- adverse claims made in respect of the Corporation's properties or assets;
- risks and liabilities associated with the transportation of dangerous goods;
- risks and liabilities resulting from derailments;
- effects of weather conditions;
- technology and security risks, including cybersecurity;
- potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which the Corporation is reliant;
- technical and processing problems, including the availability of equipment and access to properties;
- changes in gas composition; and
- failure to realize the anticipated benefits of recently completed acquisitions.

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

The above summary of assumptions and risks related to forward-looking statements in this MD&A is intended to provide shareholders and potential investors with a more complete perspective on Tidewater's current and future operations and such information may not be appropriate for other purposes. There is no representation by Tidewater that actual results achieved will be the same in whole or in part as those referenced in the forward-looking statements and Tidewater 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, except as may be required by applicable securities law.