TIDEWATER
Midstream and Infrastructure Ltd.

Management's Discussion and Analysis
For the three and nine month periods ended September 30, 2021

November 3, 2021

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 Midstream" or the "Corporation") is dated November 3, 2021 and should be read in conjunction with Tidewater Midstream's condensed interim consolidated financial statements as at and for the three and nine month periods ended September 30, 2021 and 2020 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), representing generally accepted accounting principles ("GAAP"). Effective December 31, 2020, the Corporation voluntarily changed its accounting policy with respect to the discounting of its decommissioning liabilities. As a result, certain comparative information has been restated in this MD&A. Refer to the "Voluntary Change in Accounting Policy" section of this document for a description of the changes and the effect on the Corporation's consolidated financial statements. 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 Midstream's disclosure under "Non-GAAP Measures" and "Forward-Looking Information" included at the end of this MD&A. Unless otherwise indicated, references herein to "$" or "dollars" are to Canadian dollars.

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

BUSINESS OVERVIEW

Tidewater Midstream and Infrastructure Ltd.'s business objective is to build a diversified energy infrastructure company in the North American natural gas, natural gas liquids ("NGL"), renewable energy and crude oil value chain. Its strategy is to profitably grow and create shareholder value through the acquisition and development of conventional and renewable energy infrastructure. To achieve its business objective, Tidewater Midstream is focused on providing customers with a full service, vertically integrated value chain through the acquisition and development of energy infrastructure, including gas plants, pipelines, railcars, export terminals, storage, downstream facilities and various renewable initiatives. To complement its asset base, the Corporation also markets crude, refined product, natural gas, NGLs and renewable products and services to customers across North America.

Tidewater Midstream's common shares are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "TWM".

Tidewater Midstream's downstream operations refine crude oil feedstock into gasoline and diesel. The Corporation'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 Midstream's straddle plants process, store and transport the by-products of natural gas processing, including NGLs such as ethane, propane, butane and condensate.

Tidewater Midstream's key assets include: the Prince George Refinery ("PGR"), which has an offtake agreement with Cenovus Energy Inc. ("Cenovus"); 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.

Tidewater Midstream is a majority shareholder in Tidewater Renewables Ltd. ("Tidewater Renewables"), a multi-faceted, energy transition company focusing on the production of low carbon fuels. Tidewater Renewables' common shares are publicly traded on the TSX under the symbol "LCFS".

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

HIGHLIGHTS

- Tidewater Midstream delivered its tenth consecutive quarter of consolidated Adjusted EBITDA growth. This performance continues to highlight the resiliency and stability of the Corporation's integrated business model as the Corporation continues to grow in the renewable energy sector with the creation of Tidewater Renewables.
- Consolidated Adjusted EBITDA increased to $53.1 million in the third quarter of 2021 as compared to $47.6 million in the third quarter of 2020, resulting in 11% consolidated Adjusted EBITDA growth year over year. Net income attributable to shareholders was $1.8 million for the third quarter of 2021 as compared to a net loss of $3.8 million in the third quarter of 2020. This increase includes the impact of both realized and unrealized gains on derivative contracts related to the Corporation's feedstock for its downstream operations, secured at a lower cost.
- Net cash used in operating activities totaled $3.8 million for the third quarter of 2021, with distributable cash flow attributable to shareholders of $15.8 million and a payout ratio of 21%.
- On August 18, 2021, Tidewater Renewables closed its initial public offering (the "Offering") of an aggregate of 10,000,000 common shares (the "TWR Common Shares") at a price of $15.00 per Common Share, for gross proceeds of $150 million, with an additional 735,000 TWR Common Shares issued on September 15, 2021 pursuant to the partial exercise of over-allotment option, for additional gross proceeds of approximately $11 million, with total gross proceeds of approximately $161 million raised by the Offering. In total, Tidewater Renewables received approximately $150 million in cash consideration net of underwriter commissions and legal expenses. The TWR Common Shares held by Tidewater Midstream represents approximately 69% of the outstanding common shares, with Tidewater Midstream retaining a majority equity stake in Tidewater Renewables. After the closing of the Offering, and as a result of certain transactions completed in connection with the Offering, the Corporation achieved its leverage target of 3.0x to 3.5x consolidated net debt to annualized consolidated Adjusted EBITDA.
- Tidewater Midstream remains focused on pursuing and developing high rate of return capital projects to support continued growth. The Corporation is currently evaluating multiple projects in the $5 million to $25 million capital cost range with payouts of under 3 years and remains committed to its leverage target of 3.0x to 3.5x consolidated net debt to annualized consolidated Adjusted EBITDA.
- Tidewater Midstream remains optimistic in its outlook for global energy demand. Within Western Canada, Tidewater Midstream continues to see strong demand at PGR as a result of large infrastructure projects in central and northern British Columbia. Throughput at PGR remains strong, at over 12,000 bbl/day. The PGR crack spread, a measure of refining margins, remains strong going into the fourth quarter averaging over $60/bbl. The Pipestone Gas Plant had its strongest quarterly run times and cash flow generation to date during the third quarter of 2021.
- The Corporation is committed to its Environmental, Social and Governance ("ESG") performance. The Corporation continues to advance its inaugural sustainability report, which is scheduled to be published in the first quarter of 2022. Furthermore, Tidewater is proud to have recently provided another significant update to its ESG website disclosures which now include 2020 metrics here: https://www.tidewatermidstream.com/esg/esg-metrics/

CONSOLIDATED FINANCIAL HIGHLIGHTS

(in thousands of Canadian dollars except per share information)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Revenue	**$ 433,961**	$ 273,461	**$ 1,163,781**	$ 704,493
Net income (loss) attributable to shareholders (1)	**$ 1,797**	$ (3,820)	**$ 74,473**	$ (40,846)
Basic net income (loss) attributable to shareholders per share (1)	**$ 0.01**	$ (0.01)	**$ 0.22**	$ (0.12)
Diluted net income (loss) attributable to shareholders per share (1)	**$ 0.01**	$ (0.01)	**$ 0.19**	$ (0.12)
Consolidated Adjusted EBITDA (2)	**$ 53,076**	$ 47,602	**$ 156,483**	$ 130,981
Net cash provided by operating activities	**$ (3,827)**	$ 63,990	**$ 94,030**	$ 150,965
Distributable cash flow attributable to shareholders (2)	**$ 15,834**	$ 10,578	**$ 50,023**	$ 33,626
Distributable cash flow per common share – basic (2)	**$ 0.05**	$ 0.03	**$ 0.15**	$ 0.10
Distributable cash flow per common share – diluted (2)	**$ 0.04**	$ 0.03	**$ 0.12**	$ 0.10
Dividends declared	**$ 3,403**	$ 3,386	**$ 10,188**	$ 10,147
Dividends declared per common share	**$ 0.01**	$ 0.01	**$ 0.03**	$ 0.03
Total common shares outstanding (000s)	**340,314**	338,609	**340,314**	338,609
Payout ratio (2)	**21%**	32%	**20%**	30%
Total consolidated assets (1)	**$ 1,925,201**	$ 1,865,715	**$ 1,925,201**	$ 1,865,715
Consolidated net debt (2)	**$ 643,363**	$ 854,870	**$ 643,363**	$ 854,870

(1) Amounts for the three months and nine months ended September 30, 2020 have been restated. Refer to the "Voluntary Change in Accounting Policy".
(2) Refer to "Non-GAAP Measures".

DECONSOLIDATED FINANCIAL HIGHLIGHTS

This MD&A presents the financial information of Tidewater Midstream on a consolidated basis, unless otherwise noted. In addition to reviewing fully consolidated results, management reviews Adjusted EBITDA and net debt on a deconsolidated basis to highlight Tidewater Midstream's financial results, financial position, leverage and debt covenants, excluding the impact of the Corporation's ownership in Tidewater Renewables. Tidewater Midstream's distributable cash flow excludes Tidewater Renewables' distributable cash flow to non-controlling interest shareholders. These metrics are not defined under IFRS and may not be comparable to those used by other entities. See the "Non-GAAP" Measures section of this MD&A for further details.

(in thousands of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Deconsolidated Adjusted EBITDA	**$ 47,746**	**$** 47,602	**$ 151,153**	**$** 130,981
Deconsolidated net debt	**$ 609,437**	$ 854,870	**$ 609,437**	$ 854,870
Distributable cash flow attributable to shareholders (excluding Tidewater Renewables' distributable cash flow to non-controlling interest shareholders)	**$ 15,834**	$ 10,578	**$ 50,023**	$ 33,626
Ownership in Tidewater Renewables	**69%**	N/A	**69%**	N/A

Tidewater Renewables Ltd.

On July 21, 2021, the Corporation announced the creation of Tidewater Renewables as a wholly owned subsidiary of the Corporation. Tidewater Renewables was formed to become a multi-faceted, energy transition company focusing on the production of low carbon fuels. The creation of and the initial public offering of Tidewater Renewables is a result of a thorough evaluation of financing alternatives with the goal of funding Tidewater Renewables' portfolio of clean fuel projects while allowing the Corporation to continue to deleverage through 2021. The creation of Tidewater Renewables provides Tidewater Midstream with a focused vehicle for pursuing and funding growth opportunities in the renewable energy sector.

On August 18, 2021, Tidewater Renewables closed its Offering of 10 million TWR Common Shares at a price of $15.00 per TWR Common Share for gross proceeds of $150 million. On September 15, 2021, the underwriters partially exercised their over-allotment option to purchase an additional 735,000 TWR Common Shares at the Offering price of $15.00 per common share for additional gross proceeds of approximately $11 million. The partial exercise of the over-allotment option increased the total gross proceeds of the Offering to approximately $161 million. In total, Tidewater Renewables received approximately $150 million in cash consideration net of underwriter commissions and legal expenses.

In connection with the Offering, Tidewater Renewables acquired certain pre-existing operating assets as well as a number of growth projects from Tidewater Midstream that provided an initial platform for its renewable diesel, renewable hydrogen, and renewable natural gas business (the "Acquired Assets"). As consideration for the Acquired Assets, Tidewater Midstream received 23.9 million TWR Common Shares valued at $15.00 per TWR Common Share for total share consideration of $358.5 million and cash of $180 million. Tidewater Renewables expects the Acquired Assets to generate operating cash flows primarily from take-or-pay contracts with Tidewater Midstream, as the primary counterparty, and from other non-take-or-pay activities. This will provide Tidewater Renewables with stable, long-term, contracted cash flows.

After completion of the transaction, the Corporation owns 23.9 million TWR Common Shares of Tidewater Renewables, representing approximately 69% of Tidewater Renewables' issued and outstanding TWR Common Shares. The majority ownership position gives the Corporation control over Tidewater Renewables, and therefore consolidates the subsidiary, with the 31% divested interest reflected as non-controlling interest. As a result, any transactions between Tidewater Midstream and Tidewater Renewables are eliminated on consolidation in the Corporation's financial statements.

RESULTS OF OPERATIONS

Overview

Tidewater Midstream'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 Midstream views its business as one vertically integrated set of operations which consists of refining operations, renewable fuels, natural gas processing, NGL extraction, gas storage, crude oil and NGL terminalling infrastructure and marketing to end-use markets through transmission pipelines and rail systems.

Consolidated Financial overview

(in thousands of Canadian dollars except per share information)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenue	**$ 433,961**	$ 273,461	**$ 1,163,781**	$ 704,493
Operating expenses	**$ 392,380**	$ 234,401	**$ 1,040,483**	$ 591,206
General and administrative	**$ 5,922**	$ 5,177	**$ 18,356**	$ 12,768
Share-based compensation	**$ 1,584**	$ 1,711	**$ 4,640**	$ 5,522
Depreciation [(1)]	**$ 19,975**	$ 21,472	**$ 61,213**	$ 63,498
Finance costs and other [(1)]	**$ 16,644**	$ 16,042	**$ 56,998**	$ 53,904
Realized gain on derivative contracts	**$ 13,468**	$ 9,571	**$ 44,201**	$ 24,274
Unrealized gain (loss) on derivative contracts	**$ (9,392)**	$ (441)	**$ 44,407**	$ (47,488)
Realized gain (loss) on sale of assets [(1)]	**$ 1,548**	$ (13,848)	**$ 26,258**	$ (10,808)
Income from equity investments [(1)]	**$ 2,406**	$ 2,446	**$ 1,694**	$ 280
Transaction costs	**$ 908**	$ 954	**$ 2,528**	$ 1,218
Deferred income tax expense (recovery) [(1)]	**$ 1,138**	$ (4,297)	**$ 20,215**	$ (15,455)
Net income (loss) attributable to shareholders [(1)]	**$ 1,797**	$ (3,820)	**$ 74,473**	$ (40,846)
Basic net income (loss) attributable to shareholders per share [(1)]	**$ 0.01**	$ (0.01)	**$ 0.22**	$ (0.12)
Diluted net income (loss) attributable to shareholders per share [(1)]	**$ 0.01**	$ (0.01)	**$ 0.19**	$ (0.12)

(1) Amounts for the three and nine months ended September 30, 2020 have been restated. Refer to the "Voluntary Change in Accounting Policy".

Revenue

Revenue increased by 59% to $434.0 million in the third quarter of 2021 compared to $273.5 million for the same period of 2020, driven by stronger commodity pricing. PGR continued strong utilization in the third quarter of 2021, in addition to improved gasoline and diesel margins as compared to 2020. Marketing and extraction revenue increased with higher commodity prices, which was offset by a corresponding increase in operating costs.

Net throughput volumes at Tidewater Midstream's gas processing and extraction facilities averaged approximately 432 MMcf/day during the third quarter of 2021, an 11% increase as compared to 390 MMcf/day for the same period of 2020, primarily as a result of record throughput at the Pipestone Gas Plant.

During the nine month period ended September 30, 2021, the Corporation generated revenue of $1,163.8 million, an increase of 65% compared to $704.5 million for the same period in 2020. The period-over-period increase was due to stronger commodity pricing and improved utilization at the Pipestone Gas Plant.

Net throughput volumes at Tidewater Midstream's gas processing and extraction facilities averaged approximately 434 MMcf/day during the nine month period ended September 30, 2021, a 1% increase from the average net throughput volumes for the nine month period ended September 30, 2020 of approximately 430 MMcf/day.

Despite the volatility in commodity prices, the Corporation's assets act as natural hedges in varying commodity price environments. Tidewater Midstream's gas storage and extraction assets perform well in low gas price environments, while its gathering and processing assets perform better in medium to high price environments. Tidewater Midstream also engages in liquids blending and operates facilities at Brazeau, Acheson, Pipestone and Valhalla, allowing the Corporation 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 Midstream takes advantage of the price and quality differentials between various product streams. Tidewater Midstream 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 Midstream's infrastructure means that it can take advantage of available resources to benefit from differentials in commodity prices through its processing, fractionation, straddle and storage facilities, as well as its transportation infrastructure.

Operating expenses

Operating expenses for the third quarter of 2021 were $392.4 million, an increase of 67%, compared to $234.4 million for the third quarter of 2020. Operating expenses for the nine month period ended September 30, 2021 increased 76% to $1,040.5 million compared to $591.2 million for the same period in 2020.

Overall, the large increases in operating costs in 2021, as compared to 2020, relate to strengthening commodity prices that were severely impacted by COVID in 2020. This year has seen a recovery in WTI which made up the quarter-over-quarter (and nine month period) increase in operating expenses. Specifically, the increase was a result of higher costs for feedstock purchases, increased chemical costs and higher commodity prices for marketing and extraction purchases. Higher power prices also contributed to the operating expense increase. Power prices have remained consistently high throughout 2021.

The increased cost of feedstock purchases and power usage 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, 2021 were $5.9 million, compared to $5.2 million for the same period of 2020. During the nine month period ended September 30, 2021 G&A expenses were $18.4 million compared to $12.8 million for the same period of 2020. The differences in G&A expenses between the 2021 and 2020 periods were primarily due to the Canadian emergency wage subsidy benefits received in 2020. Additional employees were added in 2021 to support new and existing operations and to support future growth of the Corporation's asset base.

Share-based compensation

Tidewater Midstream incurred share-based compensation expenses of $1.6 million for the three months ended September 30, 2021, compared to $1.7 million for the three months ended September 30, 2020. During the nine month period ended September 30, 2021 share-based compensation expenses were $4.6 million compared to $5.5 million for the same period of 2020. The decrease in share-based compensation expense is due to the timing of long-term incentive grants and related amortization of vesting periods.

Depreciation

Depreciation for the three months ended September 30, 2021 was $20.0 million, compared to $21.5 million for the same period of 2020. During the nine month period ended September 30, 2021, depreciation was $61.2 million compared to $63.5 million for the same period of 2020. Depreciation remains consistent period over period.

Finance costs and other

Finance costs and other for the three months ended September 30, 2021 were $16.6 million, compared to $16.0 million for the same period of 2020. Finance costs and other decreased 20% compared to $20.7 million in the second quarter of 2021. The decrease is attributable to the Corporation's deleveraging following the Pioneer Pipeline disposition and proceeds from the Offering of Tidewater Renewables.

Finance costs and other for the nine months ended September 30, 2021 were $57.0 million, compared to $53.9 million for the same period of 2020. The increase was due to higher interest rates on the Corporation's second lien term loan and reduced capitalized interest.

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 against volatility in commodity prices. Overall, the Corporation hedges from 50% to 100% of all commodity price exposure outside of PGR.

Realized gain on derivative contracts for the three months ended September 30, 2021 was $13.5 million compared to a realized gain of $9.6 million for the same period in 2020. The realized gain on derivative contracts for the nine months ended September 30, 2021 was $44.2 million compared to a realized gain of $24.3 million in the comparative period of 2020. The realized gains recognized for the 2020 and 2021 periods were predominantly driven by crude oil, refined product and power hedges that were settled during the period. Gains were partially offset by higher cost of sales as the Corporation had previously locked in its marketing margins.

Unrealized gain (loss) on derivative contracts

Unrealized non-cash loss on derivative contracts for the three months ended September 30, 2021 was $9.4 million, compared to a loss of $0.4 million for the three months ended September 30, 2020.

During the nine months ended September 30, 2021, the Corporation incurred an unrealized non-cash gain on derivative contracts of $44.4 million compared to an unrealized non-cash loss during the same period in 2020 of $47.5 million. The increase is primarily due to the recovery of forward crude oil prices which collapsed in the first quarter of 2020.

The majority of the Corporation's unrealized gains 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 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.

At September 30, 2021, the fair value of the Corporation's derivative contracts was a net liability of $0.7 million, of which $6.8 million is classified as a long-term net asset. This compares to a total net liability of $45.1 million as at December 31, 2020.

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 gain (loss) on sale of assets

On June 30, 2021, the Corporation disposed of its 50% interest in the Pioneer Pipeline and certain associated assets for cash proceeds of approximately $135 million. The Corporation recognized a gain of approximately $30 million on the disposition.

Transaction costs

Transaction costs related to the Offering of Tidewater Renewables of approximately $0.9 million and $2.5 million were incurred during the three and nine months ended September 30, 2021, respectively. Transaction costs incurred in 2020 related to divestitures of certain non-core assets and subsidiaries.

Deferred income tax expense (recovery)

During the nine month period ended September 30, 2021, the Corporation recognized a deferred income tax expense of $20.2 million compared to a recovery of $15.5 million for the same period of 2020. The increased expense is attributable to an increase in the net income before tax for the nine months ended September 30, 2021, compared to the nine months ended September 30, 2020.

Net income (loss) attributable to shareholders

During the three months ended September 30, 2021, the Corporation generated net income attributable to shareholders of $1.8 million, compared to a net loss attributable to shareholders of $3.8 million for the same period of 2020. The increase in net income was the result of increased realized gains on derivative contracts and increased operating income.

Net income attributable to shareholders for the nine months ended September 30, 2021 was $74.5 million compared to net loss attributable to shareholders for the same period of $40.8 million. The increase in net income was the result of non-cash unrealized gains on derivative contracts, increased realized gains on derivative contracts, increased operating income and realized gains on the sale of assets.

OUTLOOK AND CORPORATE UPDATE

Tidewater Midstream is pleased to deliver a record quarter of consolidated Adjusted EBITDA generation in the third quarter of 2021 as the PGR and Pipestone Gas Plant continue to run at high utilization rates. Continued consolidation and new investment in the energy sector, as well as a material recovery in commodity prices, have had an overall positive impact on producer balance sheets and Tidewater Midstream continues to work with its customers on ways to improve margins and related service offerings. Tidewater Midstream remains positive about the outlook for commodity prices, energy transition and renewable sectors, where Tidewater Midstream is uniquely positioned to play a key role in the continued development of renewable fuels, carbon capture, renewable natural gas, and renewable hydrogen through its subsidiary Tidewater Renewables.

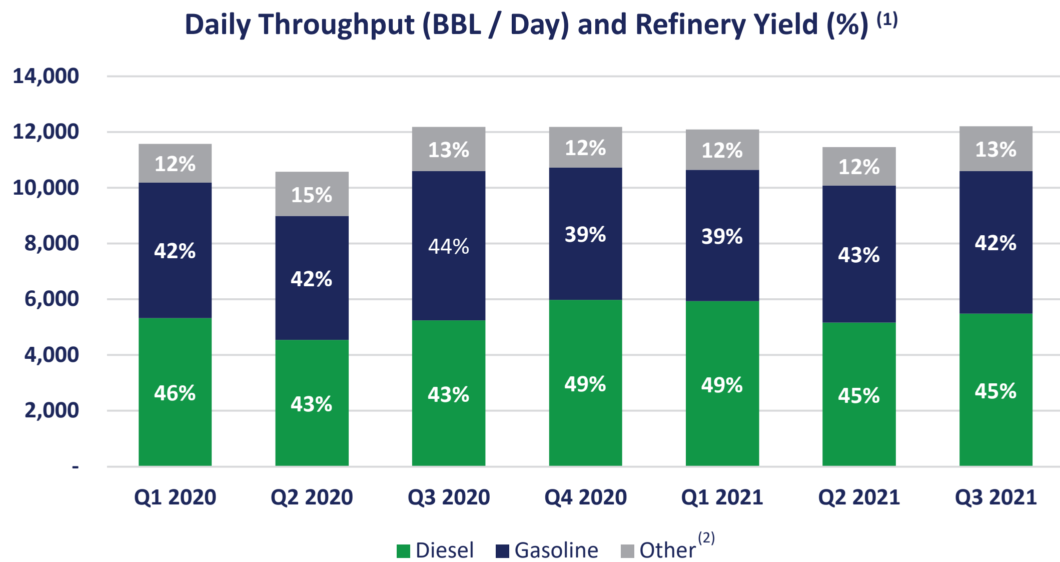
Prince George Refinery

PGR is a 12,000 bbl/day light oil refinery that predominantly produces low sulphur diesel and gasoline 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 2021, total throughput was approximately 12,200 bbl/day, an increase of 7% from the previous quarter and consistent with the third quarter of 2020. In August 2021, Tidewater Renewables commissioned it's canola co-processing project and began processing canola feedstock which yields both renewable gasoline and renewable diesel.

Tidewater Midstream's daily throughput and refined product yields at PGR were as follows:



(1) Refinery throughput and yield includes crude, canola and intermediates.
(2) Other refers to heavy fuel oil (HFO), LPG and feedstock consumed to fuel the refinery.

Tidewater Midstream'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. Prince George crack spreads remained strong averaging just over $60/bbl during the quarter, consistent with the first and second quarter of 2021. The Corporation realized increased diesel demand during the third quarter, as compared to the second quarter of 2021, due to the end of spring breakup and continuation of the local industrial activity. Gasoline demand remained consistent quarter over quarter. The strong Prince George crack spread continues to demonstrate the strength of the regional refining market.

Tidewater Midstream continues to pursue numerous low capital and high rate of return debottleneck and optimization opportunities within its downstream business unit.

Pipestone Gas Plant

The Pipestone Gas Plant has a designed capacity of 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 the Alliance and NGTL pipeline systems. The facility is also pipeline connected to Pembina's liquid gathering systems for the C2+ and C5+ liquid streams. In 2021 the Corporation applied for and received an increase to the plant's licensed capacity to 110 MMcf/day.

The Pipestone Gas Plant processed its highest average volume of 97 MMcf/day in the third quarter of 2021, a 35% increase from the third quarter of 2020 and an increase of 5% from the second quarter of 2021. Facility availability for the third quarter of 2021 averaged 93%, an increase of 19% from the third quarter of 2020. During the month of September 2021, there was a six-day planned maintenance outage which resulted in a small decrease in facility availability as compared to the second quarter of 2021. Overall, the Pipestone Gas Plant continued to perform well during the quarter, with August averaging a record daily throughput of approximately 102 MMcf/d combined with 97% facility availability. The Montney area continues to remain very active, and the plant remains fully contracted with over 85% committed capacity on take-or-pay arrangements.

Brazeau River Complex and Fractionation Facility

The BRC is a core asset for Tidewater Midstream, 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 including the NGTL system and gas storage.

The Brazeau River fractionation facility performed well during the third quarter of 2021, despite third-party turnarounds, maintenance activities and significant disruptions in third-party distribution infrastructure. Through multiple egress options, Tidewater Midstream maintained throughput levels at the facilities and provided optionality for producers who were constrained by third-party force majeures.

Throughput at the BRC gas processing facility for the third quarter of 2021 increased by 8% compared to the second quarter of 2021. Strong AECO gas prices in the past six months have increased producer activity near the BRC. Tidewater Midstream continues to look for opportunities to increase third-party plant throughput by working diligently with producers to improve netbacks by utilizing the BRC's facilities.

Natural Gas Storage

Tidewater Midstream operates three natural gas storage reservoirs: 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 was notable in terms of natural gas price volatility at AECO, with cash prices ranging from $1.18 CAD/GJ to $4.80 CAD/GJ largely due to maintenance on the NGTL system. Operationally, all storage facilities performed well through the quarter and successfully met all delivery obligations. The Pipestone Gas Storage Facilities deliverability rates increased over the quarter as the facility was optimized for current reservoir pressures. Similarly, the deliverability at the Brazeau Nisku A and Brazeau Nisku F storage pools matched expectations throughout the quarter, helping meet Pioneer Pipeline's demand and realizing both storage and liquids extraction value.

The Pipestone Gas Storage Facility is largely contracted with take-or-pay contracts spanning through 2029 with multiple investment grade counterparties. The facility represents a significant contribution to Tidewater Midstream's fee-for-service gas storage business and offers producers at the Pipestone Gas Plant significant optionality via three egress solutions including connections to the TC Energy and Alliance systems and gas storage.

CAPITAL PROGRAM

Tidewater Midstream's 2021 capital program focuses on small-scale optimization projects along with its renewable initiatives. Tidewater Midstream continues to evaluate and execute smaller capital projects in the $5 million to $25 million capital cost range with strong short-term returns on investment.

During the third quarter of 2021, Tidewater Renewables announced its final investment decision on the 3,000 bbl/day renewable diesel and renewable hydrogen complex, which is expected to be in service the first quarter of 2023. The canola co-processing project achieved successful commissioning and start-up, slightly ahead of its planned schedule and first production of renewable diesel has commenced.

SUMMARY OF QUARTERLY RESULTS

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

(In thousands of Canadian dollars, except per share information)		**Q3 2021**		Q2 2021		Q1 2021		Q4 2020
Revenue	**$**	**433,961**	$	369,781	$	360,039	$	274,913
Net income (loss) attributable to shareholders [1]		**1,797**		64,280		8,396		7,075
Net income (loss) per share attributable to shareholders – basic [1]		**0.01**		0.19		0.02		0.02
Net income (loss) per share attributable to shareholders – diluted [1]		**0.01**		0.16		0.02		0.02
Consolidated Adjusted EBITDA [2]	**$**	**53,076**	$	52,294	$	51,113	$	48,778

(1) Amounts for 2020 and 2019 have been restated. Refer to the "Voluntary Change in Accounting Policy".
(2) Refer to "Non-GAAP Measures".

(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]		(3,820)		1,114		(38,140)		(12,610)
Net income (loss) per share attributable to shareholders – basic [1]		(0.01)		0.00		(0.11)		(0.04)
Net income (loss) per share attributable to shareholders – diluted [1]		(0.01)		0.00		(0.11)		(0.04)
Consolidated Adjusted EBITDA [2]	$	47,602	$	41,873	$	41,506	$	39,987

(1) Amounts for 2020 and 2019 have been restated. Refer to the "Voluntary Change in Accounting Policy".
(2) Refer to "Non-GAAP Measures".

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

- recovery of commodity prices driving increases in revenues and operating expenses;
- increased natural gas prices and increased producer activity; and
- large realized and unrealized gains on derivative contracts due to significant recovery in forecasted crude prices.

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

- four 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 the fourth quarter of 2019, Tidewater Midstream'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;
- realized gains on derivatives due to settlement of crude oil hedges during fourth quarters of 2019; and
- higher net finance costs impacting earnings associated with debt related to financing acquisitions and growth projects.

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 consolidated contractual obligations as at September 30, 2021 and December 31, 2020:

	September 30, 2021		December 31, 2020	
(in thousands of Canadian dollars)	Less than one year	Greater than one year	Less than one year	Greater than one year
Accounts payable and accrued liabilities	$ 333,074	$ -	$ 269,072	$ -
Derivative contracts	18,171	9,134	13,549	32,291
Dividend payable	3,403	-	3,391	-
Interest payable	2,404	-	1,339	-
Lease liabilities and other	33,990	126,728	49,595	137,798
Bank debt	-	466,403	-	664,587
Notes payable	-	124,055	-	123,501
Convertible debentures	-	68,751	-	67,430
	$ 391,042	$ 795,071	$ 336,946	$ 1,025,607

Tidewater Midstream and Tidewater Renewables each have a revolving credit facility (each, a "Senior Credit Facility" and together, the "Senior Credit Facilities") with a syndicate of banks. Although the Senior Credit Facilities are not cross-collateralized, the agreements governing the Senior Credit Facilities provide that each lender's proportionate commitment shall be the same under both facilities, until the first unanimous extension.

The Corporation's Senior Credit Facilities are used to provide financing for working capital, to fund capital expenditures and acquisitions and for other general corporate purposes.

Total capacity under Tidewater Midstream's Senior Credit Facility as at September 30, 2021 is $420 million and is reduced by $10 million per quarter commencing December 31, 2021 until March 31, 2023 and $15 million on June 30, 2023. Tidewater Midstream's Senior Credit Facility matures on August 18, 2024; provided that if the Corporation's notes payable and second lien term loan are not extended or refinanced prior to June 30, 2022, the maturity shall be August 23, 2022. Total availability under Tidewater Renewables' Senior Credit Facility is $150 million and it matures on August 18, 2024. The Corporation's consolidated borrowing capacity as at September 30, 2021 is $570 million.

Tidewater Midstream also has a second lien term loan with a $20 million capacity, subordinated to the Tidewater Midstream Senior Credit Facility, of which $20 million is outstanding as at September 30, 2021. The term loan 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.

Tidewater Midstream is required to maintain certain deconsolidated financial covenants on a trailing-quarterly basis including consolidated debt (being, Tidewater Midstream's senior debt, second lien debt and notes payable) to adjusted EBITDA ratio of less than or equal to 4.5:1; consolidated first lien senior debt (being Tidewater Midstream's senior debt) to adjusted EBITDA ratio of less than or equal to 3.5:1; and adjusted EBITDA to interest coverage ratio greater than or equal to 2.5:1. The calculations for each of these ratios are based on specific definitions in the agreements governing the Senior Credit Facility, are not in accordance with GAAP, and cannot be easily calculated by referring to the Corporation's consolidated financial statements. At September 30, 2021, the Corporation was in compliance with its financial covenants, reporting consolidated debt to adjusted EBITDA ratio of 3.6:1 (December 31, 2020 – 4.2), consolidated first lien senior debt to adjusted EBITDA ratio of 2.7:1 (December 31, 2020 – 3.0:1) and adjusted EBITDA to interest coverage ratio of 3.2:1 (December 31, 2020 – 3.5:1).

Tidewater Renewables is required to maintain certain financial covenants on a trailing-quarterly (annualized) basis including consolidated debt (being, Tidewater Renewables' senior debt) to adjusted EBITDA of less than or equal to 3.5:1; first lien senior debt (being, Tidewater Renewables' senior debt) to adjusted EBITDA of less than or equal to 2.5:1; and an adjusted EBITDA to interest coverage ratio greater than or equal to 2.5:1. The calculations for each of these ratios are based on specific definitions in the agreements governing the Senior Credit Facility, are not in accordance with GAAP, and cannot be easily calculated by referring to the Corporation's financial statements. At September 30, 2021, Tidewater Renewables was in compliance with its financial covenants, reporting consolidated debt to adjusted EBITDA ratio of 0.9:1, consolidated, first lien senior debt to adjusted EBITDA ratio of 0.9:1 and adjusted EBITDA to interest coverage ratio of 21.5:1.

The Corporation is also subject to customary restrictions on its Senior Credit Facilities, second lien term loan and its notes payable, including restrictions on the granting of security, incurring indebtedness and the sale of its assets. As at, and for the quarter ending September 30, 2021, the Corporation is in compliance with all debt covenants.

The Corporation anticipates that net cash provided by operating activities, cash flow generated from growth projects, cash available from its Senior Credit Facilities 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 provides sufficient financial flexibility and resources to manage its liquidity requirements. 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.

The Corporation intends to remain disciplined in its capital investment strategy and continue to maintain a long term leverage target of 2.5x to 3.0x consolidated net debt to annualized adjusted EBITDA. As the Corporation continues to de-lever in 2021, it will continue to explore multiple funding options, including refinancing the second lien term loan and notes payable in 2021 (due in the fourth quarter of 2022) with a goal to reduce borrowing costs and extend maturity dates.

The most significant exposure faced by the midstream business is related to declines in production volumes. With Tidewater Midstream'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 Midstream'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. Refining margins were impacted by the COVID-19 pandemic in early 2020 but have since rebounded to pre-pandemic levels.

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

Credit Rating

The Corporation is rated by Standard & Poor's as B+ stable. The rating is based on Tidewater Midstream's financial strength as well as factors not entirely within the Corporation's control, including conditions affecting the energy industry and the economy. The Corporation's ability to access high yield debt in the capital markets depends, in part, on the credit rating. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. There is no assurance that the rating will remain in effect for any given period of time or will not be revised or withdrawn entirely by the rating agency. A credit rating downgrade could limit the Corporation's access to private and public credit markets in the future and increase the costs of borrowing. The credit rating assigned by the rating agency is not a recommendation to purchase, hold or sell Tidewater Midstream securities, nor does the credit rating comment on market price or suitability for a particular investor.

Cash Flow Summary

The following table summarizes the Corporation's sources and uses of funds for the three and nine months ended September 30, 2021 and 2020 from continuing operations:

Cash flows provided by (used in) *(in thousands of Canadian dollars)*	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Operating activities	**$ (3,827)**	$ 63,990	**$ 94,030**	$ 150,965
Financing activities	**$ 18,473**	$ (38,519)	**$ (138,263)**	$ (68,455)
Investing activities	**$ (16,791)**	$ (27,286)	**$ 60,078**	$ (77,366)

Net Cash Provided by Operating Activities

Net cash used in operating activities was $3.8 million for the three months ended September 30, 2021, compared to net cash provided by operating activities of $64.0 million for the three months ended September 30, 2020. The decrease is attributable to changes in non-cash working capital whereby the Corporation used proceeds from the Pioneer Pipeline disposition and the Offering proceeds to settle working capital obligations.

For the nine months ended September 30, 2021, net cash provided by operating activities was $94.0 million compared to $151.0 million for the same period in 2020. The decrease is attributable to changes in non-cash working capital offset by higher realized gains from derivative contracts and increased operating income.

Cash provided by operating activities will fluctuate quarter over quarter because of changes in non-cash working capital, which includes the amount of inventory purchased at PGR, the commodity prices at which inventory is bought and sold and seasonal demand.

Net Cash Used in Financing Activities

Net cash provided by financing activities was $18.5 million for the three months ended September 30, 2021, compared to net cash used in financing activities of $38.5 million for the three months ended September 30, 2020. Net cash used in financing activities was $138.3 million for the nine months ended September 30, 2021, compared to net cash used in financing activities of $68.5 million for the nine months ended September 30, 2020. Overall the cash proceeds from the Offering and Pioneer Pipeline disposition was used to repay the Corporation's bank debt.

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 $16.8 million for the three months ended September 30, 2021, compared to net cash used in investing activities of $27.3 million for the three months ended September 30, 2020. The decrease was attributable to changes in non-cash working capital. Net cash provided by investing activities was $60.1 million for the nine months ended September 30, 2021, compared to net cash used in investing activities of $77.4 million for the nine months ended September 30, 2020. The increase in net cash provided by investing activities as compared to 2020 was the result of the proceeds received from the closing of the Pioneer Pipeline disposition.

Capital Expenditures

The following table summarizes acquisitions, growth and maintenance capital expenditures for the three and nine months ended September 30, 2021 and 2020:

		Three months ended September 30,			Nine months ended September 30,	
(in thousands of Canadian dollars)		**2021**	2020		**2021**	2020
Growth capital	$	**28,197**	18,639	$	**58,192**	39,002
Maintenance capital		**6,502**	6,160		**14,123**	11,530
Total additions to property, plant and equipment as per statement of cash flows	$	**34,699**	24,799	$	**72,315**	50,532

Growth Capital

Growth capital expenditures for the third quarter of 2021 were $28.2 million, compared to $18.6 million for the third quarter of 2020. During the nine months ended September 30, 2021 growth capital was $58.2 million compared to $39.0 million for the nine months ended September 30, 2020. Tidewater Midstream's 2021 growth capital has been focused on its small-scale optimization, debottlenecking and blending projects along with its renewable growth projects.

The Corporation, through Tidewater Renewables, has begun engineering and construction on its renewable diesel and renewable hydrogen complex. Tidewater Renewables has also commissioned its 300 bbl/day canola co-processing project.

Maintenance Capital

Tidewater Midstream 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, 2021 were $6.5 million, compared to $6.2 million for the same period of 2020. Capital maintenance expenditures for the nine months ended September 30, 2021 and 2020 were $14.1million and $11.5 million, respectively. The increase in maintenance capital is attributable to major maintenance programs including scheduled tank replacement and refurbishment of existing infrastructure.

CONTRACTUAL LIABILITIES AND COMMITMENTS

At September 30, 2021, 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, including those recognized as leases, as at September 30, 2021:

(in thousands of Canadian dollars)		Within one year		After one year but not more than five years		More than five years		Total
Lease liabilities	$	40,820	$	103,586	$	84,264	$	228,670
Bank debt [1]		-		470,084		-		470,084
Notes payable interest [2]		8,438		4,230		-		12,668
Notes payable repayment [2]		-		125,000		-		125,000
Convertible debentures interest [3]		4,125		8,261		-		12,386
Convertible debentures repayment [3]		-		75,000		-		75,000
Firm transportation contracts [4]		38,886	$	166,055	$	231,056	$	435,997
Total	**$**	**92,269**	**$**	**952,216**	**$**	**315,320**	**$**	**1,359,805**

(1) The Corporation's Senior Credit Facilities and second lien term loan are due within the next five years, dependant on certain conditions as described in "Liquidity and Capital Resources".

(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 $45.2 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 3, 2021, Tidewater Midstream had the following number of outstanding common shares, RSUs, DSUs and options:

(In thousands)	
Common shares	340,746
RSUs	13,728
DSUs	511
Options	15,215

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are in the normal course of business and are recorded at market rates. The Corporation contract operates, on a cost recovery basis, the gas storage assets in its equity accounted investments. Costs related to contract operating are incurred in the normal course of business and are not accounted for as revenue or expenses in the Corporation's financial statements, but rather flow-through cost recoveries recorded in accounts receivable. Given the seasonality of gas storage revenues, the cost recovery balances will fluctuate through the summer and winter storage seasons.

The transactions with related parties during the three and nine months ended September 30, 2021 are summarized in the following table:

(in thousands of Canadian dollars)	Three months ended September 30, 2021		Nine months ended September 30, 2021	
Related Party	Revenue	Operating expenses	Revenue	Operating expenses
Tidewater Brazeau Gas Storage LP (1)	**$ 794**	**$ 810**	**$ 3,033**	**$ 2,837**

The related party balances included in the consolidated statement of financial position as at September 30, 2021 are summarized in the following table:

(in thousands of Canadian dollars)	As at September 30, 2021	
Related Party	Accounts receivable	Accounts payable
Tidewater Brazeau Gas Storage LP (1)	11,792	-
Tidewater Pipestone Infrastructure LP (2)	6,722	-
Total	**$ 18,514**	**$ -**

(1) 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. Accounts receivable consist of flow-through expenditures as operator of the facility, on a cost recovery basis.

(2) Tidewater Pipestone Infrastructure LP is a joint arrangement partnership. Accounts receivable consist of flow-through expenditures as operator of the facility, on a cost recovery basis.

For the three and nine months ended September 30, 2021, Tidewater Midstream had no other transactions with related parties, except those pertaining to contributions to Tidewater Midstream's long-term incentive plans and remuneration of key management personnel in the ordinary course of their employment.

FINANCIAL INSTRUMENTS

Tidewater Midstream’s financial instruments consist of cash, accounts receivable, derivative contracts, investments, accounts payable and accrued liabilities, dividends payable, interest payable, bank debt, notes payable and convertible debenture liability. Tidewater Midstream employs risk management strategies and policies to ensure that any exposures to market risks are in compliance with the Corporation’s business objectives and risk tolerance levels.

The majority of Tidewater Midstream’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 cash flow is derived from investment grade counterparties. Tidewater Midstream 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. Due to COVID-19, the Corporation has increased its scrutiny on its credit monitoring procedures. 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 that minimize overall counterparty credit risk. Total revenue attributable to Cenovus for the three and nine months ended September 30, 2021 from all revenue streams accounted for approximately 39% and 35% of the Corporation’s revenue, respectively. Revenue earned from Cenovus for the three and nine months ended September 30, 2021 was $167.6 million (September 30, 2020 - $109.1 million) and $404.2 million (September 30, 2020 - $289.4 million), respectively. The Corporation believes the credit risk associated with Cenovus is minimal.

The Corporation enters into certain financial derivative contracts to manage commodity price, power, interest 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 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 FACTORS

The Corporation continually works to mitigate the impact of risks to its business by identifying all significant risks so that they can be appropriately managed. The risks that may affect the business and operation of Tidewater Midstream 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 21 of the Condensed Interim Consolidated Financial Statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Tidewater Midstream 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 Midstream's ESG metrics on its website. As part of its commitment to enhancing disclosures, Tidewater Midstream publishes its ESG metrics and corporate policy disclosures. This information is available at https://www.tidewatermidstream.com/esg/esg-metrics/. Under this disclosure, Tidewater Midstream 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.

Tidewater Midstream's ESG Management Committee is committed to publishing its inaugural ESG report with a target date of Q1 2022. This report will include incremental disclosures on ESG practices, performance trends, and other material items which will drive the success of Tidewater Midstream's long term ESG goals. Furthermore, Tidewater is proud to have recently provided a significant update to its ESG website disclosures which now include 2020 metrics. For more information please visit the metrics link provided above.

With Tidewater Midstream's integrated network of infrastructure assets, it is well positioned to be an impactful contributor in reducing Canadian GHG emissions. PGR is one of the only refineries in Western Canada that can utilize renewables, such as canola oil, biodiesel and ethanol, to reduce its carbon footprint. As Tidewater Midstream continues to evaluate various renewable and clean fuel initiatives, it is expected to have a material improvement on the Corporation's ESG profile.

Tidewater Midstream also expects its ESG profile to benefit from the Corporation's majority ownership of Tidewater Renewables spinoff. Tidewater Renewables provides the opportunity to invest in an energy transition vehicle focused on providing strong ESG attributes through the production of renewable fuels. Renewable products will help deliver carbon intensity reduction alternatives to a growing demand base across North America. Tidewater Renewables aims to become the largest Canadian renewable fuel producer with ESG being a top priority.

For a detailed discussion of environmental regulations that affect Tidewater Midstream, political and legislative developments 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 annual consolidated financial statements is discussed in note 2 of the consolidated financial statements for the year ended December 31, 2020. There have been no material changes to the Corporation's critical accounting estimates and judgments during the three and nine months ended September 30, 2021.

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. As a result, there is significant uncertainty as to the extent and duration of the global economic slowdown. 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 Midstream's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting ("ICFR"), as defined by NI 52-109. They have as at the period ended September 30, 2021, 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, 2021 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

No material weaknesses relating to the design of the ICFR existing at September 30, 2021 were identified. As well, there were no limitation on the scope of the design of DC&P or ICFR.

It should be noted that a control system, including the Corporation's DC&P and ICFR, no matter how well conceived, can provide only reasonable and not absolute assurance that the objectives of the control system will be met. As a result of inherent limitation in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected.

VOLUNTARY CHANGE IN ACCOUNTING POLICY

Under the Corporation's previous accounting policy for decommissioning liabilities, the present value of the liability was calculated at each reporting date using a risk-free interest rate. Effective December 31, 2020, the Corporation voluntarily changed this accounting policy to utilize a credit-adjusted risk-free interest rate instead. The Corporation believes that using a credit-adjusted risk-free rate results in more relevant information for the users of the Corporation's consolidated financial statements as this methodology is a more accurate representation of the value at which such liabilities could be transferred to a third party, is a better indicator of the risk associated with such liabilities and increases the comparability of the Corporation's financial statements to peer entities.

This change in accounting policy was applied retrospectively and the effect of this is described below. In addition, comparative amounts in this MD&A and the accompanying consolidated financial statements have been restated.

Reconciliation of the Consolidated Statements of Financial Position:

(in thousands of Canadian dollars) **As at**		September 30, 2020	
	Previous policy	Adjustments	Restated
Assets			
Assets held for sale	102,417	(761)	101,656
Investments	53,951	471	54,422
Property, plant and equipment	1,483,547	(182,529)	1,301,018
Liabilities and Equity			
Liabilities associated with assets held for sale	866	(800)	66
Decommissioning obligations	256,198	(211,622)	44,576
Deferred tax liabilities	14,902	7,134	22,036
Retained earnings (accumulated deficit)	(63,796)	22,469	(41,327)

Reconciliation of the Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss):

(in thousands of Canadian dollars) **For the three months ended**		September 30, 2020	
	Previous policy	Adjustments	Restated
Depreciation	22,683	(1,211)	21,472
Finance costs and other	16,533	(491)	16,042
Realized loss on sale of assets	10,726	3,122	13,848
Income from equity investments	(2,439)	(7)	(2,446)
Deferred income tax expense (recovery)	(4,722)	425	(4,297)
Net income (loss) and comprehensive income (loss)	(2,433)	(1,838)	(4,271)
Net income (loss) and comprehensive income (loss) attributable to shareholders of the Corporation	(1,982)	(1,838)	(3,820)
Net income (loss) per share attributable to common shareholders – basic and diluted	(0.00)	(0.01)	(0.01)

(in thousands of Canadian dollars) **For the nine months ended**	September 30, 2020		
	Previous policy	Adjustments	Restated
Depreciation	67,355	(3,857)	63,498
Finance costs and other	55,459	(1,555)	53,904
Realized loss on sale of assets	7,686	3,122	10,808
Loss from equity investments	(260)	(20)	(280)
Deferred income tax recovery	(16,687)	1,232	(15,455)
Net loss and comprehensive loss	(42,988)	1,078	(41,910)
Net loss and comprehensive loss attributable to shareholders of the Corporation	(41,924)	1,078	(40,846)
Net loss per share attributable to common shareholders – basic and diluted	(0.12)	0.00	(0.12)

Reconciliation of the Consolidated Statements of Cash Flow:

(in thousands of Canadian dollars) **For the three months ended**	September 30, 2020		
	Previous policy	Adjustments	Restated
Net income (loss)	(2,433)	(1,838)	(4,271)
Adjustments for non-cash operating activities	66,423	1,838	68,261

(in thousands of Canadian dollars) **For the nine months ended**	September 30, 2020		
	Previous policy	Adjustments	Restated
Net income (loss)	(42,988)	1,078	(41,910)
Adjustments for non-cash operating activities	344,918	(1,078)	343,840

NON-GAAP MEASURES

Throughout this MD&A, Tidewater Midstream 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. Therefore, the measures should not be considered in isolation or used as a substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate these non-GAAP measures differently.

Consolidated and Deconsolidated Adjusted EBITDA

Consolidated Adjusted EBITDA and deconsolidated Adjusted EBITDA are non-GAAP measures. Consolidated 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. Deconsolidated Adjusted EBITDA is calculated as consolidated Adjusted EBITDA less the portion of consolidated Adjusted EBITDA attributable to Tidewater Renewables.

Consolidated 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 Midstream also believes consolidated 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, consolidated 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. In addition to reviewing consolidated Adjusted EBITDA, management reviews deconsolidated Adjusted EBITDA to highlight the Corporation's performance, excluding the portion of consolidated Adjusted EBITDA attributable to Tidewater Renewables. Investors should be cautioned that consolidated Adjusted EBITDA and deconsolidated 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 Midstream'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.

Non-recurring transactions for the three and nine month periods ended September 30, 2021 relates to a settlement of a third party claim.

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

(in thousands of Canadian dollars except per share information)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Net income (loss) [1]	$ **3,440**	$ (4,271)	$ **75,908**	$ (41,910)
Deferred income tax expense (recovery) [1]	**1,138**	(4,297)	**20,215**	(15,455)
Depreciation [1]	**19,975**	21,472	**61,213**	63,498
Finance costs [1]	**16,644**	16,042	**56,998**	53,904
Share-based compensation	**1,584**	1,711	**4,640**	5,522
Loss (gain) on sale of assets [1]	**(1,548)**	13,848	**(26,258)**	10,808
Unrealized (gain) loss on derivative contracts	**9,392**	441	**(44,407)**	47,488
Transaction costs	**908**	954	**2,528**	1,218
Non-recurring transactions	**112**	864	**1,441**	1,337
Adjustment to share of profit from equity accounted investments [1]	**1,431**	838	**4,205**	4,571
Consolidated Adjusted EBITDA	**$ 53,076**	**$ 47,602**	**$ 156,483**	**$ 130,981**
Less: Consolidated Adjusted EBITDA attributable to Tidewater Renewables	**(5,330)**	-	**(5,330)**	-
Deconsolidated Adjusted EBITDA	**$ 47,746**	**$ 47,602**	**$ 151,153**	**$ 130,981**

(1) Amounts for the three and nine months ended September 30, 2020 have been restated. Refer to the "Voluntary Change in Accounting Policy" section of this MD&A.

Distributable cash flow attributable to shareholders and distributable cash flow per common share (excluding distributable cash flow to non-controlling interest shareholders associated with Tidewater Renewables)

Distributable cash flow attributable to shareholders 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 Midstream's ongoing operations. Distributable cash flow attributable to shareholders also deducts distributable cash flow to non-controlling interest shareholders associated with Tidewater Renewables.

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, 2021. 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:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of Canadian dollars except per share information)	**2021**	2020	**2021**	2020
Net cash provided by operating activities	$ **(3,827)**	$ 63,990	$ **94,030**	$ 150,965
Add (deduct):				
Changes in non-cash working capital	**50,353**	(22,432)	**47,816**	(32,405)
Transaction costs	**908**	954	**2,528**	1,218
Non-recurring transactions	**112**	864	**1,441**	1,337
Interest and financing charges	**(11,310)**	(11,937)	**(41,293)**	(35,480)
Payment of lease liabilities, net	**(12,679)**	(14,701)	**(39,155)**	(40,479)
Maintenance capital	**(6,502)**	(6,160)	**(14,123)**	(11,530)
Tidewater Renewables' distributable cash flow to non-controlling interest shareholders	**(1,221)**	-	**(1,221)**	-
Distributable cash flow attributable to shareholders	**$ 15,834**	**$ 10,578**	**$ 50,023**	**$ 33,626**
Distributable cash flow per common share – basic	$ 0.05	$ 0.03	$ 0.15	$ 0.10
Distributable cash flow per common share – diluted	$ 0.04	$ 0.03	$ 0.12	$ 0.10

Tidewater Midstream expects to pay dividends from its 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, 2021 were $3.4 million or approximately 21% 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 increase in distributable cash flow attributable to shareholders between the third quarter of 2021 and the third quarter of 2020 was attributable to increased cash flow from operating activities, net of changes in working capital.

Tidewater Midstream's objective is to pay out stable dividends throughout the year. There is no assurance regarding the amounts of cash to be distributed by Tidewater Midstream or generated by Tidewater Midstream and, therefore, the funds available for distribution to its 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 Midstream and other factors that may be beyond the control of Tidewater Midstream. In the event significant capital expenditures are required, or the profitability of Tidewater Midstream declines, there would be a decrease in the amount of cash available for distribution to shareholders, and such decrease could be material. Tidewater Midstream'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

(in thousands of Canadian dollars except percentage information)	Three months ended September 30, **2021**	Three months ended September 30, 2020	Nine months ended September 30, **2021**	Nine months ended September 30, **2020**
Dividends declared	**$ 3,403**	$ 3,386	**$ 10,188**	$ 10,147
Distributable cash flow attributable to shareholders	**$ 15,834**	$ 10,578	**$ 50,023**	$ 33,626
Payout ratio	**21%**	**32%**	**20%**	**30%**

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.

Consolidated and Deconsolidated Net Debt

(in thousands of Canadian dollars)		**September 30, 2021**		September 30, 2020
Tidewater Midstream Senior Credit Facility	**$**	**408,084**	$	567,453
Tidewater Renewables Senior Credit Facility		**42,000**		-
Second Lien Term Loan - principal		**20,000**		100,000
Notes payable		**124,055**		123,346
Convertible debentures - principal		**75,000**		75,000
Cash		**(25,776)**		(10,929)
Consolidated net debt	**$**	**643,363**	$	854,870
Less: Senior Credit Facility – Tidewater Renewables		**(42,000)**		-
Add: Cash – Tidewater Renewables		**8,074**		-
Deconsolidated net debt	**$**	**609,437**	$	854,870

Consolidated 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. Consolidated net debt is defined as bank debt, notes payable and convertible debentures, less cash. In addition to reviewing Consolidated net debt, management reviews deconsolidated net debt to highlight the Corporation's financial flexibility, balance sheet strength and leverage. Deconsolidated net debt is calculated as consolidated net debt less the portion attributable to Tidewater Renewables.

The Corporation's consolidated net debt and deconsolidated net debt have decreased at September 30, 2021, compared to September 30, 2020 due to repayments of bank debt from the proceeds received on the Pioneer Pipeline disposition and the Offering proceeds of Tidewater Renewables. Consolidated and deconsolidated net debt exclude working capital, lease liabilities and derivative contracts as the Corporation monitors its capital structure based on deconsolidated net debt to deconsolidated 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

This MD&A includes forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities laws. All forward-looking statements are based on our beliefs as well as assumptions based on information at the time the assumption was made and on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors deemed appropriate in the circumstances. Such forward-looking statements relate to future events, conditions or future financial performance of Tidewater Midstream and Infrastructure Ltd. (the "Corporation" or "Tidewater Midstream") based on future economic conditions and courses of action. All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of any words such as "seek", "anticipate", "budget", "plan", "continue", "forecast", "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. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct, and such forward-looking statements included in this MD&A should not be unduly relied upon.

In particular, this MD&A contains forward-looking statements pertaining to but not limited to the following:

- the Corporation's renewable initiatives, including plans related to same, timing and financing;
- expected financial benefits accruing to Tidewater Midstream as a result of the successful execution of the Offering;
- continued volatility of financial markets and commodity prices;
- guidance with respect to forecasted consolidated Adjusted EBITDA;
- continued consistent performance of the Corporation's facilities;
- 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;
- the Corporation's ability to benefit from the combination of growth opportunities and the ability to grow through capital projects;
- the long-term impact of COVID-19 on the Corporation's business, financial position, results of operations and/or cash flows;
- supply and demand for services;
- budgets, including future capital, operating or other expenditures and projected costs;
- estimated throughputs;
- 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;
- expectations regarding Tidewater Renewable's operations and financial results from operations, including Run Rate EBITDA expectations and take-or-pay arrangements;
- timing, impact and capital requirements of the Canola co-processing project at PGR;
- the successful integration of acquisitions and projects into the Corporation's existing business;
- projections with respect to the returns on proposed small capital projects;
- the Corporation's focus on generating cash flow, increasing liquidity and reducing leverage;
- forecasts with respect to future environmental and climate change compliance obligation costs, and the success of same;

- Tidewater Midstream’s expectations to pay dividends from distributable cash flow;
- timing of, and expectations relating to, the Corporation's inaugural sustainability report;
- expectations that the Corporation’s ESG profile will benefit from the majority ownership of the creation of Tidewater Renewables; and
- expectations that net cash provided by operating activities, cash flow generated from growth projects and cash available from Tidewater Midstream’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.

Although the forward-looking statements contained in this MD&A are based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this MD&A, the Corporation has assumptions regarding, but not limited to:

- Tidewater Midstream’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 Offering and related matters;
- general economic and industry trends, including the duration and effect of the COVID-19 pandemic;
- that any third-party projects relating to the Corporation’s divestitures will be sanctioned and completed as expected;
- future natural gas, crude oil and NGL prices;
- continuing government support for existing policy initiatives;
- processing and marketing margins;
- future capital expenditures to be made by the Corporation;
- foreign currency, exchange and interest rates;
- 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;
- Cenovus 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 Midstream 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 the 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 ability to successfully receive regulatory approval for the Offering and related matters;
- the success and uptake of the Offering;
- the availability of capital to fund future capital requirements relating to existing assets and projects;

- the ability of Tidewater Midstream to successfully market its products; and
- the Corporation's future debt levels and the ability of the Corporation to repay its debt when due.

The Corporation's actual results could differ materially from those anticipated in the forward-looking statements, as a result of numerous known and unknown risks and uncertainties and other factors including but not limited to:

- changes in 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 Midstream;
- failure to close transactions as contemplated and in accordance with negotiated terms;
- risks of health epidemics, pandemics, public health emergencies, quarantines, and similar outbreaks, including COVID-19, which may have sustained material adverse effects on the Corporation's business financial position results of operations and/or cash flows;
- the regulatory environment and decisions, and First Nations and landowner consultation requirements;
- climate change initiatives or policies or increased environmental regulation;
- that receipt of third party, regulatory, environmental and governmental approvals and consents relating to Tidewater Midstream'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;
- competition for, among other things, business capital, acquisition opportunities, requests for proposals, materials, equipment, labour, and skilled personnel;
- 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;
- legal risks and environmental risks and hazards, including risks inherent in the transportation of NGLs and refining of light crude oils 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;
- a revision to or a withdrawal of the Corporation's credit rating;
- 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;
- reliance on key personnel;
- 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.

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