

FORM 51-102F3
Material Change Report

Item 1 Name and Address of Company

Tidewater Midstream and Infrastructure Ltd. (the “**Corporation**”)
Suite 900, 222 3rd Ave SW
Calgary, AB T2P 0B4

Item 2 Date of Material Change

September 12, 2024

Item 3 News Release

A news release disclosing the material change was filed on SEDAR+ and issued through the news wire services of Cision on September 12, 2024 and would have been received by the securities commissions where the Corporation is a reporting issuer in the normal course of dissemination.

Item 4 Summary of Material Change

On September 12, 2024, the Corporation announced the closing of its previously announced transaction (the “**Transaction**”) with Tidewater Renewables Ltd. (“**Tidewater Renewables**”).

As part of the Transaction, among other things, the Corporation entered into an asset sale agreement (the “**Asset Sale Agreement**”) with Tidewater Renewables pursuant to which the Corporation acquired various assets from Tidewater Renewables, including canola co-processing infrastructure, fluid catalytic cracking co-processing infrastructure, working interests in various other Prince George refinery units, and a natural gas storage facility located at the Brazeau River Complex (collectively, the “**Acquired Assets**”). The cash consideration for the Acquired Assets was \$122 million, plus the assumption of certain liabilities related to the Acquired Assets. In addition, as part of the consideration, the Corporation assigned the right to receive certain British Columbia Low Carbon Fuel Standard (“**BC LCFS**”) credits to Tidewater Renewables with a minimum value of \$7.7 million.

The Corporation also entered into an agreement for the purchase and sale of credits (the “**Credit Purchase Agreement**”) with Tidewater Renewables pursuant to which the Corporation purchased BC LCFS credits from Tidewater Renewables for an aggregate purchase price of approximately \$7.2 million and agreed to purchase additional BC LCFS credits from Tidewater Renewables until March 31, 2025, for cash proceeds of approximately \$77.5 million.

Additionally, the Corporation entered into an amended and restated credit agreement (the “**Amended and Restated Credit Agreement**”) with its existing lenders pursuant to which the aggregate revolving capacity under the Corporation’s credit facility was increased by \$25 million, from \$150 million to \$175 million, and the maturity date was extended to September 12, 2026. The Corporation also added a three-year delayed draw term loan tranche of \$150 million.

Item 5.1 Full Description of Material Change

On September 12, 2024, the Corporation announced the closing of the Transaction.

As part of the Transaction, among other things, the Corporation entered into the Asset Sale Agreement with Tidewater Renewables pursuant to which, among other things, the Corporation acquired the Acquired Assets for cash consideration of \$122 million, plus the assumption of certain liabilities related to the Acquired Assets, and the assignment by the Corporation to Tidewater Renewables of the right to receive certain BC LCFS credits with a minimum value of \$7.7 million.

The Acquired Assets historically generated annual adjusted EBITDA¹ of \$40.0 million to \$50.0 million for Tidewater Renewables through previously negotiated take-or-pay or operating agreements between the Corporation and Tidewater Renewables and were previously dropped down by the Corporation to Tidewater Renewables during Tidewater Renewables' initial public offering. As part of the Transaction, the contracted take-or-pay and operating agreements were terminated. The cash proceeds for the Acquired Assets were used by Tidewater Renewables to repay amounts outstanding on its first lien senior credit facility.

The Corporation also entered into the Credit Purchase Agreement with Tidewater Renewables pursuant to which, among other things, the Corporation purchased BC LCFS credits from Tidewater Renewables for an aggregate purchase price of approximately \$7.2 million and agreed to purchase additional BC LCFS credits from Tidewater Renewables (subject to certain monthly average limits) until March 31, 2025 for cash proceeds of approximately \$77.5 million (assuming the Renewable Diesel & Renewable Hydrogen Complex (the "**HDRD Complex**") continues to operate at over 90% utilization). A portion of such BC LCFS credits are being purchased subject to the exercise of a put option in favour of Tidewater Renewables and/or a call option in favour of the Corporation. The cash proceeds will be paid monthly by the Corporation as the BC LCFS credits are purchased from Tidewater Renewables.

The forward sales of BC LCFS credits under the Credit Purchase Agreement are expected to provide Tidewater Renewables with a reliable source of cash flow allowing it to continue to focus on its renewable fuels business.

Additionally, the Corporation entered into the Amended and Restated Credit Agreement with its existing lenders pursuant to which the aggregate revolving capacity under the Corporation's credit facility was increased by \$25 million, from \$150 million to \$175 million, and the maturity date was extended to September 12, 2026. The Corporation also added a three-year delayed draw term loan tranche of \$150 million to finance the Acquired Assets and the portion of the BC LCFS credits mentioned above.

The independent special committees of both the Corporation and Tidewater Renewables recommended the approval of the Transaction and the entering into of the aforementioned agreements to the independence committees of the boards of directors of the Corporation and Tidewater Renewables, respectively, and the independence committees of the boards of directors of both the Corporation and Tidewater Renewables approved the Transaction and the entering into of the aforementioned agreements.

The above summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the full text of the Asset Sale Agreement, the Credit Purchase Agreement, and the Amended and Restated Credit Agreement, copies of which have been filed with Canadian securities regulatory authorities on SEDAR+ at www.sedarplus.ca.

¹ Non-GAAP financial measure. See the "Non-GAAP Measures" section of this material change report and the Corporation's management's discussion and analysis for further information.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact Aaron Ames, Interim Chief Financial Officer by email at ir@tidewatermidstream.com or by telephone at (403) 542-7205.

Item 9 Date of Report

September 23, 2024

Advisory and Caution Regarding Forward-Looking Information

This material change report contains forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “intend”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. More particularly, this material change report contains statements regarding the amount of BC LCFS credits to be purchased by the Corporation under the Credit Purchase Agreement and the use of proceeds from the Credit Purchase Agreement by Tidewater Renewables.

Although the forward-looking statements contained in this material change report 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. Any forward-looking statements contained in this material change report represent expectations as of the date of this material change report and are subject to change after such date. However, the Corporation is under no obligation (and the Corporation expressly disclaims any such obligation) to update or alter any statements containing forward-looking information, the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law. With respect to the forward-looking statements contained in this material change report, the Corporation has made assumptions regarding its ability to integrate the Acquired Assets; general economic and industry trends; that refined product demand continues to increase; the market for BC LCFS credits, including that such market will improve and the timing thereof; Tidewater Renewables ability to generate BC LCFS credits; the amount of BC LCFS credits and the price per credit to be purchased by the Corporation under the Credit Purchase Agreement; the HDRD Complex’s utilization percentage and the expectation that the liquidity issues of Tidewater Renewables will be addressed by the Transaction.

Forward-looking statements are provided herein for the purpose of giving information about the Transaction. Readers are cautioned that such information may not be appropriate for other purposes. In addition, the Corporation is subject to a number of risks and uncertainties, many of which are beyond the Corporation’s control. Such risks and uncertainties include the factors discussed under “Risk Factors” in the Corporation’s annual information form for the year ended December 31, 2023 and the most recent management’s discussion and analysis.

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

NON-GAAP MEASURES

Throughout this material change report, and in other materials disclosed by the Corporation, the Corporation uses a number of non-GAAP financial measures, non-GAAP financial ratios, capital management measures, and supplemental financial measures when assessing its results and measuring overall performance. The intent of these non-GAAP measures and ratios is to provide additional useful information to investors and analysts. Certain of these measures and ratios do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures and ratios presented by other entities. As such, these non-GAAP measures and ratios should not be considered in isolation or used as a substitute for measures and ratios of performance prepared in accordance with GAAP. Except as otherwise indicated, these financial measures will be calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods. In this material change report, the Corporation has disclosed the following non-GAAP financial measure: adjusted EBITDA of Tidewater Renewables.

Adjusted EBITDA of Tidewater Renewables is used by its management to set objectives, make operating and capital investment decisions, monitor debt covenants, and assess performance. Tidewater Renewables issues guidance on adjusted EBITDA and believes that it is useful for analysts and investors to assess the performance of Tidewater Renewables as seen from its management's perspective. Adjusted EBITDA is unlikely to be comparable to similar measures presented by other entities. As such, this measure should not be considered in isolation or used as a substitute for measures of performance prepared in accordance with GAAP. The nearest GAAP measure to adjusted EBITDA is net income (loss). For more information with respect to Tidewater Renewables' use of this non-GAAP measure, please see its management's discussion and analysis for the three and six months ended June 30, 2024 dated August 14, 2024 which is available on SEDAR+ at www.sedarplus.ca.

For details of the reconciliations of the non-GAAP financial measures used by the Corporation with the most directly comparable GAAP financial measures, please refer to the Corporation's management's discussion and analysis for the three and six months ended June 30, 2024 dated August 14, 2024 available on SEDAR+ at www.sedarplus.ca and at <https://www.tidewatermidstream.com>.