TIDEWATER

Midstream and Infrastructure Ltd.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2018

March 13, 2019

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SCHEDULE

GENERAL MATTERS

The information in this annual information form ("**AIF**") is given as of December 31, 2018, unless otherwise indicated. All dollar amounts set forth in this AIF are in Canadian dollars, unless otherwise indicated.

Glossary and Abbreviations

In this AIF, unless otherwise indicated or the context otherwise requires, the following terms and abbreviations shall have the indicated meanings. Words importing the singular include the plural and vice versa and words importing a gender include any genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time:

"**bbl**" or "**bbls**" means barrels;

"**bbls/d**" means barrels per day;

"**Bcf**" means billion standard cubic feet;

"**BRC**" means the Brazeau River Complex located in the West Pembina region in central Alberta, wherein the Corporation has a 100% interest and which consists of a 225 MMcf/d deep-cut gas processing facility with approximately 10,000 bbls/d of liquid fractionation capability;

"**Condensate**" means a mixture of hydrocarbons consisting primarily of pentanes and heavier liquids extracted from natural gas;

"**fee-based processing**", means a processing agreement that provides for a fee per unit of production sold or service provided and is generally not subject to commodity price risk;

"**fractionation**" means the process of using temperature and pressure to separate a mixture of NGLs with differing boiling points into individual products such as ethane, propane or butane;

"**Mcf**" means thousand standard cubic feet;

"**Mcf/d**" means thousand standard cubic feet per day;

"**MMcf**" means million cubic feet;

"**MMcf/d**" means million cubic feet per day;

"**NGL**" or "**NGLs**" means natural gas liquids, consisting of any one of ethane, propane, butane and condensate or a combination thereof;

"**Pioneer Pipeline**" means the 120 km natural gas pipeline from the BRC to TransAlta Corporation's generating units at Sundance and Keephills;

"**shrinkage gas**" means the natural gas supplied by an NGL extractor to replace energy shrinkage for the benefit of the shipper(s) whose gas has had NGL removed;

"**take-or-pay**" means a form of contract in which the payor is obligated to pay regardless of whether or not the payor uses the services, volumes or capacity available under the contract;

"**terminalling**" means the receipt of NGLs and petroleum products for storage into storage tanks and other related equipment, including pipelines, where the NGLs will be commingled with other products of similar quality; the storage of NGLs; and the delivery of NGLs as directed by a distributor into a truck, vessel or pipeline; and

"**throughput**" means: with respect to a gas plant, inlet volumes processed (including any off-load or reprocessed volumes); with respect to a pipeline, means the estimated gas or liquid volume transported therein; and with respect to NGL processing facilities, the volume of inlet NGLs processed.

Conversions

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To convert from	To	Multiply by
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.293
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

Forward-Looking Statements

Certain statements contained in this AIF constitute forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to future events or the future performance of Tidewater Midstream and Infrastructure Ltd. (the "**Corporation**" or "**Tidewater**"). All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. 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. 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 AIF should not be unduly relied upon. These forward-looking statements speak only as of the date of this AIF.

In particular, this AIF contains forward-looking statements pertaining to the following:

- Tidewater's ability to benefit from the combination of growth opportunities and the ability to grow through capital projects;
- Tidewater's acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom;
- expected project schedules, regulatory timelines, completion/in-service dates, capital expenditures and capacities associated with capital projects, including the completion date of the Pioneer Pipeline;
- the emergence of accretive growth opportunities;
- the ability to achieve an appropriate level of quarterly cash dividends;
- supply and demand for services;
- budgets, including future capital, operating or other expenditures and projected costs;
- estimated utilization rates and throughputs;
- the effectiveness of Tidewater's health, safety, environment and integrity programs;
- the Corporation's ability to raise capital;
- the Corporation's treatment under regulatory regimes and tax laws;
- the negotiation of a new collective agreement at the BRC;
- the nature of contractual arrangements with third parties in respect of Tidewater's business; and
- expected levels of operating costs, general administrative costs, costs of services and other costs and expenses.

Although the forward-looking statements contained in this AIF 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 AIF, the Corporation has made assumptions regarding, but not limited to:

- general economic and industry trends;
- future natural gas, crude oil and NGL prices;
- the Corporation's ability to obtain and retain qualified staff and equipment in a timely and cost-effective manner;
- the impact of increasing competition;
- receipt of regulatory approvals;
- operating costs;
- processing and marketing margins;
- future capital expenditures to be made by the Corporation;
- the ability to obtain additional financing on satisfactory terms;
- the ability of Tidewater to successfully market its products;
- the Corporation's future debt levels and the ability of the Corporation to repay its debt when due;
- foreign currency, exchange and interest rates;
- projected capital investment levels and the successful and timely implementation of capital projects;
- anticipated timelines and budgets being met in respect of the Corporation's projects and operations;
- the ability of the Corporation to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its evaluations and activities; and
- the timely receipt of required regulatory approvals.

The Corporation's actual results could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth herein, including but not limited to:

- general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates and stock market volatility;
- activities of producers and customers, oil sands development activity and overall industry activity levels;
- operational matters, including potential hazards inherent in the Corporation's operations and the effectiveness of health, safety, environmental and integrity programs;
- fluctuations in commodity prices, inventory levels and supply/demand trends;
- regulatory approvals and timelines, including Alberta Energy Regulator approval of the transfers of the Pioneer Pipeline assets (including licenses) from Tidewater to Pioneer Pipeline LP;
- actions by governmental authorities, including changes in government regulation, tariffs and taxation;
- changes in operating and capital costs, including fluctuations in input costs;
- changes in environmental and other regulations;
- activities of other facility owners, including access to third party facilities;
- competition for, among other things, business, capital, acquisition opportunities, requests for proposals, materials, equipment, labour and skilled personnel;
- environmental risks and hazards, including risks inherent in the transportation of NGLs which may create liabilities to the Corporation in excess of the Corporation's insurance coverage, if any;
- failure of third parties' reviews, reports and projections to be accurate;
- risks arising from co-ownership of facilities;
- construction and engineering variables associated with capital projects, including the availability of contractors, engineering and construction services, accuracy of estimates and schedules, and the performance of contractors;
- the availability of capital on acceptable terms;
- changes in the credit-worthiness of counterparties;
- adverse claims made in respect of the Corporation's properties or assets;
- risks and liabilities associated with the transportation of dangerous goods;
- competitive action by other companies;
- effects of weather conditions;

- reputational risks;
- reliance on key personnel;
- technology and security risks;
- 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;
- failure to realize the anticipated benefits of recently completed acquisitions; and
- other factors, many of which are beyond the control of the Corporation, some of which are discussed under "*Risk Factors*" in this AIF.

Further, because there is interconnectivity between many of the risks Tidewater faces, it is possible that different constellations of risk could materialize which could result in unanticipated outcomes or consequences.

Forward-looking statements and other information contained herein concerning the NGL midstream infrastructure and logistics industry in Canada and the Corporation's general expectations concerning this industry are based on estimates prepared by management of the Corporation using data from publicly available industry sources as well as from resource reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any material misstatements regarding any industry data presented herein, the NGL midstream infrastructure and logistics industry involves numerous risks and uncertainties and is subject to change based on various factors.

Management of the Corporation has included the above summary of assumptions and risks related to forward-looking statements provided in this AIF in order to provide holders ("**Shareholders**") of common shares in the capital of the Corporation ("**Common Shares**") 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 AIF. These forward-looking statements are made as of the date of this AIF and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. All forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. Further information about the 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.

Non-GAAP Measures

Certain supplementary measures in this AIF do not have any standardized meaning as prescribed under International Financial Reporting Standards ("**IFRS**"), which are also generally accepted accounting principles ("**GAAP**") for publicly accountable entities in Canada, and, therefore, are considered non-GAAP measures. Since non-GAAP measures are unlikely to be comparable to similar measures presented by other companies, securities regulations require that non-GAAP measures be clearly defined, qualified and reconciled to their nearest GAAP measure. Except as otherwise indicated, these non-GAAP measures are calculated and disclosed by the Corporation 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 with respect to Tidewater's operational and financial performance to investors and analysts though the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate these non-GAAP measures differently.

In particular, in this AIF, the terms "distributable cash flow" and "Adjusted EBITDA" are used to describe certain financial information of Tidewater. Readers should be cautioned that distributable cash flow and Adjusted EBITDA are not defined by GAAP and are included in this AIF to describe certain financial information of Tidewater and should not be construed as alternatives to revenue, earnings, gross profit, or other measures of financial results determined in accordance with GAAP as indicators of Tidewater's performance.

"**distributable cash flow**" is a non-GAAP financial measure and is calculated as net cash used in operating activities before changes in non-cash working capital plus 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. Transaction costs are added back as they vary significantly quarter to quarter based on the Corporation's acquisition and disposition activity. It also excludes non-recurring transactions that do not reflect Tidewater's ongoing operations.

Management of the Corporation 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.

"**Adjusted EBITDA**" is a non-GAAP financial measure calculated as income or loss before finance costs, taxes and depreciation, share-based compensation, unrealized gains/losses on derivative contracts, non-cash items, transaction costs and other items considered non-recurring in nature.

For more information with respect to financial measures which have not been defined by GAAP, including reconciliations to the closest comparable GAAP measure, see the "*Non–GAAP Measures*" section of the Corporation's management discussion and analysis accompanying its most recent audited annual financial statements, which are available on SEDAR.

CORPORATE STRUCTURE

The Corporation was incorporated under the *Business Corporations Act* (Alberta) ("**ABCA**") on February 4, 2015.

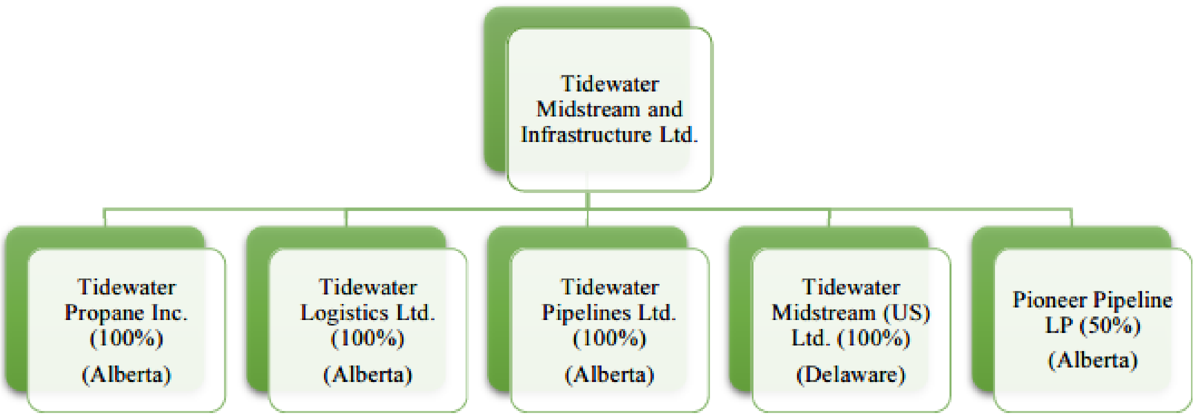
On April 1, 2016, the Corporation completed an internal reorganization whereby the Corporation and 1947517 Alberta Ltd., a wholly-owned subsidiary of the Corporation, assumed all of the assets and liabilities of Tidewater Processing Limited Partnership and, subsequently, Tidewater Processing Limited Partnership was dissolved and the Corporation vertically amalgamated with 1947517 Alberta Ltd.

Three of Tidewater's material wholly-owned subsidiaries are as follows:

- Tidewater Propane Inc. – incorporated under the ABCA on October 22, 2015 and owns and operates the Corporation's retail propane business;
- Tidewater Pipelines Ltd. – incorporated under the ABCA on March 30, 2017 and owns and operates an 80 km interprovincial (British Columbia and Alberta) sales gas pipeline (the "**Sales Pipeline**"); and
- Tidewater Logistics Ltd. – incorporated under the ABCA on March 30, 2017 and owns and operates the Corporation's NGL trucking business.

In addition, the Corporation holds a 50% interest in the Pioneer Pipeline Limited Partnership (the "**Pioneer Pipeline LP**"). On December 14, 2018, TransAlta (through its subsidiary, TransAlta Generation Partnership) exercised its option to acquire a 50% ownership interest in the Pioneer Pipeline. Upon closing, the Corporation and TransAlta will each own 50% of the Pioneer Pipeline through a limited partnership, Pioneer Pipeline LP. Closing of the acquisition is subject to, and will take place upon, AER approval of the transfers from Tidewater to Pioneer Pipeline LP of the pipeline assets (including licenses). Following Closing, the Pioneer Pipeline LP will carry on the business of owning, developing, constructing and operating the Pioneer Pipeline.

The following chart sets forth the Corporation's relationship with its material subsidiaries, the percentage of votes attaching to all voting securities of the subsidiary owned by the Corporation and each subsidiary's respective jurisdictions of incorporation as at the date hereof. The chart does not include all of the subsidiaries of Tidewater. The assets and revenues of excluded subsidiaries did not, individually exceed 10%, and in the aggregate exceed 20%, of the total consolidated assets or total consolidated revenues of Tidewater as at December 31, 2018.



The Corporation's head office is located at Suite 900, 222 - 3rd Avenue S.W., Calgary, Alberta, T2P 0B4 and its registered office is located at Suite 1000, 250 - 2nd Street S.W., Calgary, Alberta, T2P 0C1.

The Corporation is a reporting issuer in each of the provinces of Canada. The Common Shares are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the trading symbol "TWM".

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

The Corporation completed its initial public offering on the TSX Venture Exchange on April 15, 2015. In November, 2017, the Common Shares became listed and posted for trading on the TSX. The Corporation is engaged in the acquisition and development of oil and gas infrastructure, including natural gas processing and extraction plants, pipelines, NGLs and crude oil by rail, export terminals and storage facilities (collectively, the "**natural gas, NGL and crude oil midstream infrastructure business**"). See "*Business of Tidewater*" for a more detailed description of the business and the business objective of the Corporation.

Three Year History

The general development of Tidewater's business over the last three completed financial years that includes events, such as acquisitions or dispositions, or conditions that have had an influence on that development, is described below.

Period from January 1, 2016 to December 31, 2016

In January, 2016, Tidewater announced that, effective December 31, 2015, it had acquired an infrastructure network, strategically located around Edmonton, Alberta, including three 100% owned deep-cut/extraction facilities with 142 MMcf/d of processing capability, 250 km of pipelines and land with rail access at Fort Saskatchewan for nominal consideration.

In February, 2016, the Corporation completed the acquisition from AltaGas Ltd. ("**AltaGas**") of a 100% working interest in select Deep Basin and central Alberta gas processing facilities and related infrastructure, the majority of which are located in Tidewater's core West Pembina region (the "**AltaGas Acquisition**"). Under the terms of the

AltaGas Acquisition, Tidewater issued AltaGas 43,703,571 Common Shares at a deemed price of $1.37 per Common Share and paid AltaGas $30,000,000 in cash. The processing facilities have a combined gross licensed natural gas processing capacity of approximately 490 MMcf/d and throughput of approximately 100 MMcf/d. The AltaGas Acquisition also included over 2,000 km of gathering pipelines and other associated infrastructure.

In connection with the AltaGas Acquisition, AltaGas and the Corporation entered into a shareholder agreement (the "**AltaGas Shareholder Agreement**") which affords AltaGas certain nomination rights regarding the board of directors of the Corporation (the "**Board**"), pre-emptive rights, distribution rights and includes provisions that restrict, subject to certain conditions, AltaGas whether alone or in conjunction with any other person, from acquiring Common Shares other than as may be agreed to in writing with Tidewater or an acquisition pursuant to the pre-emptive rights granted under the AltaGas Shareholder Agreement. AltaGas ceased to be a shareholder of Tidewater during the third quarter of 2018.

In March, 2016, the Corporation completed an amendment to its credit facility ("**Credit Facility**"). The Credit Facility consisted of a syndicated credit facility (the "**Syndicated Facility**"), which had an initial maximum available draw of $60,000,000, and an operating credit facility (the "**Operating Facility**"), which had an initial maximum available draw of $10,000,000. The amendments increased the maximum available draw under the Operating Facility to $20,000,000 and the maximum available draw under the Syndicated Facility to $100,000,000 for an increase in total funds available under the Credit Facility from $70,000,000 to $120,000,000 at such time.

In March, 2016, the Corporation closed a bought deal equity financing. The Corporation issued 57,500,000 Common Shares at a price $1.40 per Common Share for gross proceeds of $80,500,000, which included the exercise in full of the over-allotment option granted to the underwriters.

In March, 2016, David R. Wright was appointed to the Board as a nominee of AltaGas pursuant to the AltaGas Shareholder Agreement. Mr. Wright subsequently retired from the Board on May 25, 2017.

In May, 2016, the Corporation purchased midstream assets, including infrastructure, pipeline right of ways and a storage facility within its core Pipestone area from an arm's length party for share consideration of 7,480,779 Common Shares at a deemed price of $1.4437 per Common Share. A net profit interest of 2% was also granted to the vendor to a maximum payment of $3,000,000.

In August, 2016, Tidewater announced that it had entered into an acquisition agreement with Cedar Creek Energy Ltd. ("**Cedar Creek**"), a related party, to acquire a 100% working interest in the Acheson deep-cut gas processing plant with total aggregate capacity of 33 MMcf/d of gas processing capability, a 100% working interest in approximately 250 km of related pipeline networks and 600 acres of heavy industrial land at Edmonton, Alberta for total consideration of $11,000,000 in cash (the "**Acheson Acquisition**"). 440 acres of the heavy industrial land sits directly adjacent to the Canadian National rail line with the Trans Mountain pipeline right-of-way residing on the additional 160 acres. The Acheson Acquisition is strategically located around Edmonton and includes significant existing Tidewater pipelines that interconnect with the asset acquired from Cedar Creek. Cedar Creek is a related party of the Corporation by virtue of five officers of the Corporation being shareholders and directors of Cedar Creek. CIBC World Markets Inc. ("**CIBC**") provided an opinion to the Board to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications contained therein, the consideration paid by Tidewater pursuant to the Acheson Acquisition was fair, from a financial point of view, to Tidewater. CIBC is a subsidiary of a Canadian chartered bank that is a member of Tidewater's lending syndicate.

In November, 2016, the Corporation announced an acquisition from an arm's length vendor of an approximate 50% working interest in 150 km of gas gathering pipelines which are directly connected to the BRC, in addition to three proven natural gas storage reservoirs that are also directly connected to the BRC by means of the acquired pipelines for a purchase price of $15,000,000 in cash.

In December, 2016, the Corporation announced that it had acquired from an arm's length vendor the remaining: (i) approximate 37% working interest in the BRC, (ii) 60% working interest in 105 km of gas gathering pipelines which are directly connected to the BRC, and (iii) 50% working interest in three proven natural gas storage reservoirs that are also directly connected to the BRC (the "**Second BRC Acquisition**") for a purchase price of $30,000,000 in cash. The Second BRC Acquisition provided increased access to industry activity and further enhances the value of the

BRC and the Corporation's fractionation facility, and is consistent with Tidewater's strategy to acquire, optimize and integrate infrastructure throughout the NGL and natural gas value chain while offering egress options for producers.

Period from January 1, 2017 to December 31, 2017

In January, 2017, the Corporation closed a bought deal equity financing. The Corporation issued 44,231,300 Common Shares at a price $1.56 per Common Share for gross proceeds of $69,000,828, which included the exercise in full of the over-allotment option granted to the underwriters.

In March, 2017, the Corporation acquired from Predator Oil BC Ltd. ("**Predator**"), being a related party at such time, a non-operated 40% working interest in a 30 MMcf/d sour, shallow-cut gas processing facility (the "**Parkland Gas Plant**") in the Parkland area of northeast British Columbia ("**NEBC**"), approximately 1,000 acres of greenfield surface land in the Fort St. John area of NEBC and the 80 km interprovincial gas Sales Pipeline in the Cordova area of NEBC for a total cash consideration of $10,000,000 (the "**NEBC Acquisition**"). As part of the consideration, Tidewater transferred to Predator approximately 2,500 net acres of undeveloped lands previously acquired in October 2015. Predator was a related party at such time by virtue of Tidewater's Chairman, President and Chief Executive Officer, Joel MacLeod, and a director of the Corporation, Stephen Holyoake, both being shareholders and directors of Predator. CIBC provided an opinion to the independent special committee of the Board to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications contained therein, the consideration to be paid by Tidewater pursuant to the NEBC Acquisition is fair, from a financial point of view, to Tidewater. In June, 2018, Predator ceased being a related party of the Corporation due to the acquisition of Predator by an arms-length party.

The Parkland Gas Plant and acquired lands are in a new core area for Tidewater, within the heart of the Montney play in NEBC, near numerous pipeline egress options for NGL and natural gas connectivity in addition to rail access, which have current and future opportunities to become a major energy hub in NEBC and with the potential to connect Tidewater's Montney infrastructure/egress hub in the Pipestone area. The Sales Pipeline is connected to the 140 MMcf/d Wildboy gas processing facility in the Cordova area of NEBC, which Predator has a 100% working interest in, and connects to Westcoast Energy Inc. in NEBC and Nova Gas Transmission Ltd. in Alberta. As part of the NEBC Acquisition, Predator has entered an agreement for gas processing and transportation at the Parkland Gas Plant and on the Sales Pipeline, respectively, with an area dedication for the life of the reserves.

In March, 2017, the Corporation also announced that it entered an agreement with Mach Energy Services Inc. ("**Mach**"), a related party, to acquire six tractors, seven NGL trailers and three condensate trailers (the "**NGL Trucking Acquisition**") for a total cash consideration of $3,500,000. The NGL Trucking Acquisition enhances the value of the fractionation facility at the BRC gas plant and NGL truck-out gas processing facilities by providing further control of its operations, and is consistent with Tidewater's strategy to enhance its logistics network and market access infrastructure throughout the natural gas and NGL value chain. Mach is a related party by virtue of being owned or controlled by Tidewater's Chief Financial Officer, Joel Vorra; Vice President, Logistics and Midstream Operations, Jarvis Williams; and various other Tidewater employees, officers and related parties including Chairman, President and Chief Executive Officer, Joel Macleod and a director of Tidewater, Steve Holyoake. CIBC provided an opinion to the independent special committee of the Board to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications contained therein, the consideration to be paid by Tidewater pursuant to the NGL Trucking Acquisition is fair, from a financial point of view, to Tidewater.

In March, 2017, Tidewater also increased availability under its Credit Facility from $120 million to $180 million and subsequently in November, 2017 increased availability under its Credit Facility from $180 million to $250 million.

In May, 2017, Tidewater acquired a 100% working interest in a 70 MMcf/d deep cut extraction facility, a 90% operated working interest in 250 km of gas gathering pipelines and a 70% operated working interest in 300 km of NGL pipelines, for cash consideration of $6 million. The acquired assets are directly connected to Tidewater's existing Edmonton infrastructure with the deep-cut extraction plant located approximately 130 km northwest of Edmonton with connectivity to both the TransCanada pipeline system and the Alliance pipeline system.

In May, 2017, Tidewater successfully commissioned its 10,000 bbl/d C2+ fractionation facility, and began producing HD2 spec propane. Tidewater also commissioned 40 MMcf/d of additional deep cut processing capacity at the BRC and expanded overall processing capability in December of 2017 by 50 MMcf/d.

In August, 2017, Tidewater entered into two acquisition agreements, one being in relation to an acquisition in the Deep Basin and Montney region (the "**Ram River Acquisition**") and the second being in relation to an acquisition in the Wapiti region. With the infrastructure and assets acquired under these acquisitions, Tidewater's key pieces of infrastructure include an 85% working interest in a rail-connected 600 MMcf/d gas plant (the "**Ram River Gas Plant**"), a 25% operated working interest in certain 400 MMcf/d and 200 MMcf/d dehydration and compression facilities at Stolberg and Brazeau and an operated working interest in greater than 600 km of pipelines running from Narraway and Wapiti and interconnecting to Ansell, Brazeau, Stolberg and Ferrier, providing connectivity between Tidewater's core Montney and Deep Basin areas. The acquisition in the Wapiti region closed in October, 2017 and the Ram River Acquisition closed in December, 2017.

In September, 2017, Tidewater amended the provisions of a take-or-pay processing agreement with a well-capitalized producer at the BRC to: (i) extend the term thereof by an additional two years to December, 2020: and (ii) increase the volume commitment thereunder by approximately 10 MMcf/d to 30 MMcf/d, with a provision to deliver volumes up to 45 MMcf/d throughout the term.

During the fourth quarter of 2017, Tidewater sanctioned a 100 MMcf/d sour, deep-cut Montney gas plant (the **"Pipestone Gas Plant"**) with acid gas injection and 20,000 bbls/d of NGL processing capability, as well as an extensive gathering pipeline network in the Pipestone area near Grande Prairie, Alberta, subject to regulatory approval. Tidewater plans to connect the Pipestone Gas Plant to its Pipestone infrastructure/egress hub, which is currently injecting natural gas into the natural gas storage reservoir (the "**Pipestone Plant Complex**"). The Pipestone Plant Complex will have a significant egress advantage to other processing plants in the area due to its proposed connectivity to both the TransCanada pipeline system and the Alliance pipeline system as well as connectivity to Tidewater's Pipestone infrastructure/egress hub. Tidewater and its customers plan to utilize these three natural gas egress options to provide operational flexibility and enhanced market access prior to the next open season on each of the TransCanada pipeline system and the Alliance pipeline system. Based on the proposed construction schedule, operations are targeted to start in mid-2019. Tidewater's two anchor tenants have the option to purchase a combined approximate working interest of 35% prior to commissioning the plant. The Pipestone Gas Plant will be funded through a combination of internally generated cash flow and available undrawn capacity under Tidewater's existing Credit Facility. Tidewater continues to progress adding large gathering lines throughout the Montney to extend the reach of the Pipestone Plant Complex. On October 18, 2018, Tidewater received approval from the AER to construct and operate the Pipestone Gas Plant.

On November 20, 2017, the Common Shares commenced trading on the TSX and continued to trade under the symbol "TWM". The Common Shares were delisted from the TSX Venture Exchange.

In December, 2017, the Corporation announced that it had entered into a letter of intent for the Corporation to construct the Pioneer Pipeline. The Pioneer Pipeline is supported by a 15-year take-or-pay agreement with TransAlta Corporation. The Pioneer Pipeline is expected to provide initial capacity of 130 MMcf/d and have expansion capability to 440 MMcf/d. Pursuant to the letter of intent, TransAlta Corporation received an option to acquire a 50% interest in the Pioneer Pipeline. TransAlta Corporation exercised its option in December, 2018.

On December 19, 2017, Tidewater announced that it closed a private placement of $125 million of 6.75% senior unsecured notes due December 19, 2022 (the "**Notes**"). The Notes are guaranteed, jointly and severally, by Tidewater's subsidiaries, Tidewater Propane Inc., Tidewater Logistics Ltd. and Tidewater Propane Ltd., on a senior unsecured basis and rank equal in right of payment with all of the existing and future senior unsecured indebtedness of Tidewater and that of the guarantors, as the case may be. See "*Other Information Relating to Tidewater's Business – Borrowing – Senior Unsecured Notes*". In connection therewith, Tidewater amended the Credit Facility to allow for the private placement of the Notes. See "*Other Information Relating to Tidewater's Business – Borrowing – Credit Facility*".

Period from January 1, 2018 to December 31, 2018

During the first quarter of 2018, Tidewater entered into a five-year, 17.2 net Bcf volume commitment with an investment grade counterparty to process incremental net raw gas volumes of approximately 15 MMcf/d which will decline over a five-year time frame at the Ram River Gas Plant. In August 2018, Tidewater signed an agreement for an incremental 18 MMcf/d on a five-year take-or-pay with volumes declining approximately 30% per year at the Ram River Gas Plant.

On August 23, 2018, the Corporation amended its existing Credit Facility (the "**Amended Credit Facility**") with its banking syndicate (the "**Syndicate**"). Pursuant to the Amended Credit Facility, total availability under the Corporation's credit facility has increased from $250 million to $325 million. The Amended Credit Facility also contains an accordion feature which permits the Corporation to increase the size of the Credit Facility to an aggregate of $350 million from $325 million. The Amended Credit Facility also contains adjustments to the Corporation's existing pricing grid, reducing overall borrowing costs as compared to the same leverage multiples in the previous credit agreement. Under the existing financial covenants and the amended interest rate pricing grid, the Corporation may also include up to 10% of projected annual Adjusted EBITDA attributable to material projects currently under construction in its calculation of total Adjusted EBITDA based on certain criteria. The Amended Credit Facility also extended the maturity date from March 24, 2020 to August 23, 2021, which may be further extended for a period of up to one year with the consent of the Syndicate. See "*Other Information Relating to Tidewater's Business – Borrowing – Credit Facility*".

During the third quarter of 2018, the Corporation entered into crude oil storage and transportation agreements with various counterparties. Tidewater is expected to provide crude oil terminalling services at three existing Tidewater owned, operated and pipeline-connected facilities in the Valhalla, Brazeau River and Acheson areas of Alberta. In addition, Tidewater is expected to transport crude oil by rail to various markets in North America from its rail facility located at Acheson, Alberta utilizing Tidewater's rail car fleet.

On October 18, 2018, Tidewater received approval from the Alberta Energy Regulator ("**AER**") to construct and operate the Pipestone Gas Plant. Tidewater has executed take-or-pay contracts with five counterparties resulting in the Pipestone Gas Plant being fully contracted. The Pipestone Gas Plant’s material anchor tenants include Pipestone Energy Corp. and Kelt Exploration Ltd.

On October 30, 2018, Tidewater received approval from the AER to construct and operate the Pioneer Pipeline and subsequent approval for an 11km lateral connecting to Sundance. The Pioneer Pipeline will have initial capacity of 130 MMcf/day, supported by a 15 year take or pay commitment from TransAlta, which may be expanded to approximately 440 MMcf/day.

On December 14, 2018, TransAlta (through its subsidiary, TransAlta Generation Partnership) exercised its option to acquire a 50% ownership interest in the Pioneer Pipeline. Upon closing, the Corporation and TransAlta will each own 50% of the Pioneer Pipeline through a limited partnership, Pioneer Pipeline LP. Closing of the acquisition is subject to, and will take place upon, the transfer of the pipeline assets (including licences) from Tidewater to Pioneer Pipeline LP. Following Closing, the Pioneer Pipeline LP will carry on the business of owning, developing, constructing and operating the Pioneer Pipeline.

BUSINESS OF TIDEWATER

As noted above, the Corporation is engaged in the natural gas, NGL and crude oil midstream infrastructure business. Tidewater's business objective is to build a diversified midstream and infrastructure company in the marketing, terminalling and transportation of North American natural gas, NGLs and crude oil. Tidewater plans to achieve its business objective by providing customers with a full service, vertically-integrated value chain.

Business Strategy

Tidewater's vision is to be a North American leader in delivering midstream energy solutions. In support of this vision, Tidewater maintains a consistent commitment to its strategy of delivering steady value growth built around sustainable, competitive energy facilities. As part of this strategy, Tidewater:

- focuses on operational safety;
- selectively pursues acquisitions;
- builds on the interconnectivity of its infrastructure and its integrated business model;
- strives to provide reliable midstream services at a competitive price;
- pursues opportunities to increase throughput at its existing facilities;
- invests in expansion and optimization opportunities to meet its customer needs and complement its service offerings; and

- maintains a conservative capital structure.

Since its initial public offering in April 2015, Tidewater has been focused on selective acquisitions, organic growth projects and optimization of operations at its facilities. While pursuing this program, Tidewater maintains its conservative financial structure as well as a quarterly dividend.

Significant Acquisitions

Tidewater did not complete any significant acquisitions during its most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102.

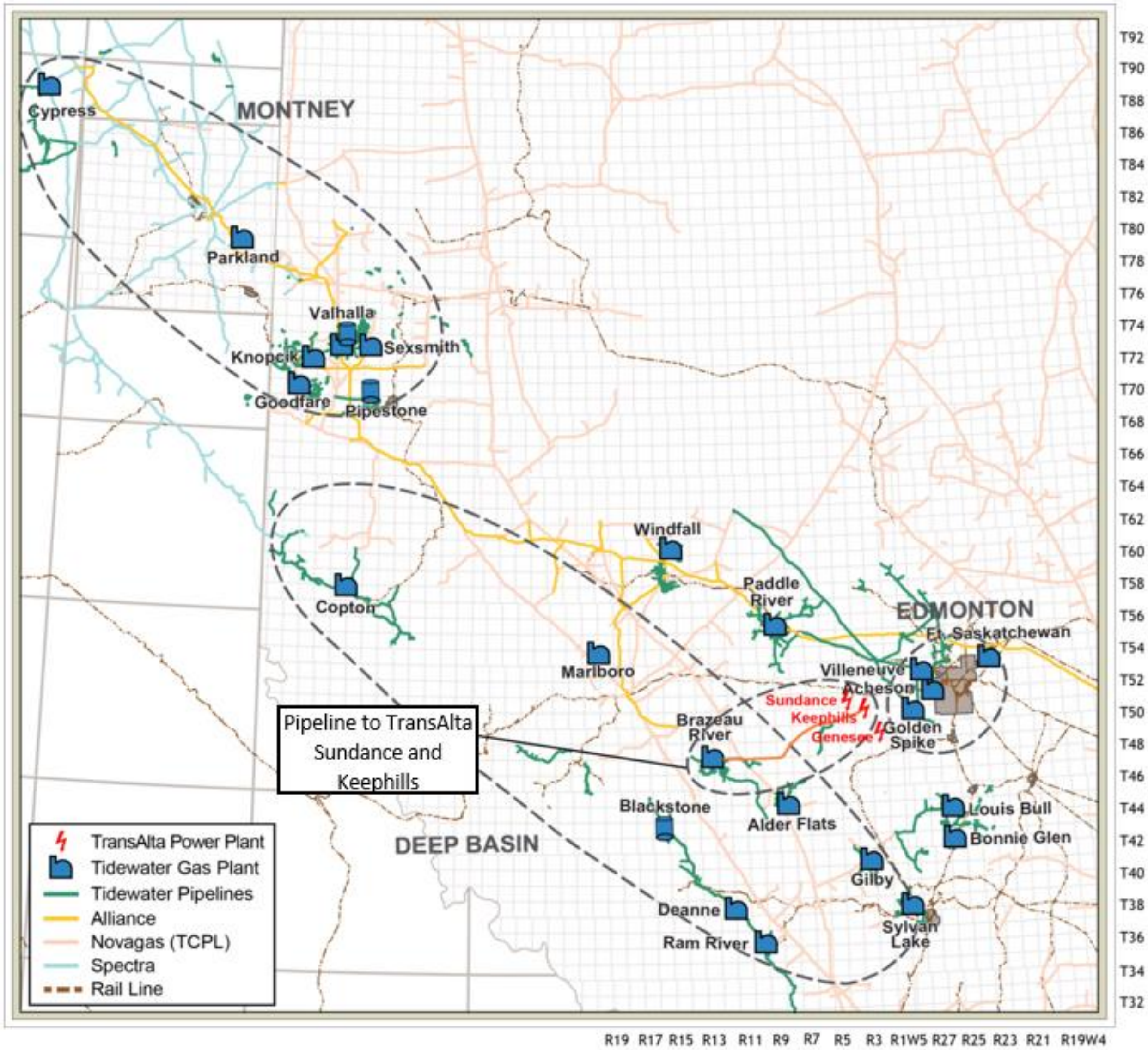
Potential Acquisitions, Issuance of Securities and Financings

Tidewater continues to evaluate potential acquisitions of natural gas, NGL and crude oil midstream infrastructure related assets and/or companies and other strategic acquisitions as part of its ongoing acquisition program. Tidewater regularly evaluates potential acquisitions, which individually or together could be material. Tidewater may, in the future, issue securities in connection with acquisitions or otherwise and complete financings of equity or debt (which may be convertible into equity) for purposes that may include financing of acquisitions, Tidewater's operations and capital expenditures and repayment of indebtedness. In selecting which capital projects and acquisitions to pursue, Tidewater pays close attention to both the macro trends that affect its business, as well as the particular needs of customers and potential customers.

Tidewater's Operations

Tidewater is primarily focused on natural gas, NGL and crude oil midstream infrastructure within the liquids-rich Western Canadian Sedimentary Basin ("WCSB") and Edmonton area. Through its network of vertically integrated assets described under "*General Development of the Business – History*", Tidewater is able to offer Canadian producers increased value for their NGLs by utilizing its truck, railcar, and retail propane assets to bring producer volumes to end markets. Tidewater is actively pursuing end-market development opportunities for Canadian Natural Gas, NGLs and crude oil in an effort to access better pricing for producers' products. The Corporation has assets strategically located around Edmonton and throughout the Deep Basin, which include significant gas processing, NGL handling and extraction and pipeline infrastructure. These strategic assets provide Tidewater with the opportunity to develop its own natural gas, NGL and crude oil network, which offers alternative natural gas takeaway/egress options to producers.

The following map shows Tidewater's principal operations in Canada.



Tidewater utilizes its network of integrated natural gas, NGL and crude oil midstream infrastructure to provide essential services to its customers. At December 31, 2018, the Corporation operated as one operating segment, midstream and infrastructure, as its executive officers reviewed overall operating results in order to assess financial performance and to make resource allocation decisions, rather than to assess a lower level unit of operations in isolation. Revenue streams associated with the midstream and infrastructure operating segment include:

- *Gathering, Processing and Transportation* – Tidewater provides fee-based processing, storage and terminalling services and tariff-based pipeline services for natural gas and NGLs. The Corporation's revenue from this stream was $83.9 million for the year ended December 31, 2017 and $117.5 million for the year ended December 31, 2018.

- *NGL Marketing and Extraction* – Tidewater purchases, extracts, sells, stores and blends NGLs. The Corporation's revenue from this stream was $109.3 million for the year ended December 31, 2017 and $179.1 million for the year ended December 31, 2018.

- *Other* – Tidewater's other revenue stream includes propane distribution to customers throughout western Canada, as well as minor upstream oil and gas production in western Canada. The Corporation's revenue from this stream was $28.2 million for the year ended December 31, 2017 and $27.7 million for the year ended December 31, 2018.

Gathering, Processing and Transportation

Overview

Tidewater has ownership interests in a number of active gas plants and gathering systems as well as NGL extraction and fractionation facilities in western Canada (primarily the Alberta Deep Basin, West Pembina and Edmonton regions), of which it operates the majority (See also "*Risk Factors – Operational Risks – Risks Arising from Co-ownership*"). In addition, Tidewater owns over 7,500 km (4,200 km net operating) of pipelines.

Tidewater's gathering, processing and transportation operations generate revenue from fee-based (take-or-pay or fee-for-service basis) processing, storage and terminalling services and tariff-based pipeline services for natural gas and NGLs.

Tidewater provides fee-based processing, storage and terminalling services and tariff-based pipeline services for natural gas and NGLs.

The BRC, a 225 MMcf/d deep-cut gas processing facility located in the West Pembina region in central Alberta, is the Corporation's core asset and includes approximately 10,000 bbls/d of liquid fractionation capability. The Corporation owns a 100% working interest in the BRC and also owns 225 km of gas gathering pipelines connected to the BRC and working interests in three proven natural gas storage reservoirs.

The Ram River Gas Plant, in which Tidewater has an 85% operated working interest, is a rail-connected 600 MMcf/d processing facility located in the Strachan region in west central Alberta. Tidewater also has an operated working interest in more than 600 km of pipelines that connect to the Ram River Gas Plant, which run from Narraway and Wapiti and interconnect Ansell, Brazeau, Stolberg and Ferrier, that provide connectivity between Tidewater's core Montney and Deep Basin areas.

The Pipestone Gas Plant is a 100 MMcf/d sour, deep-cut Montney gas plant with acid gas injection and 20,000 bbls/d of NGL processing capability, as well as an extensive gathering pipeline network, in the Pipestone area near Grande Prairie, Alberta. The facility is fully contracted and Tidewater has plans to connect the Pipestone Gas Plant to Tidewater's Pipestone infrastructure/egress hub. Tidewater is currently constructing the Pipestone Gas Plant.

The Pioneer Pipeline is a 120km pipeline used to transport sweet natural gas from the BRC to TransAlta Corporation's Keephills and Sundance facilities. The Pioneer Pipeline will have initial capacity of 130 MMcf/d, supported by a 15 year take or pay commitment from TransAlta, which may be expanded to approximately 440 MMcf/day. The Pioneer Pipeline will allow TransAlta Corporation to increase the amount of natural gas it co-fires at its Sundance and Keephills coal-fired units, resulting in lower carbon emissions and costs. TransAlta (through its subsidiary, TransAlta Generation Partnership) exercised its option to acquire a 50% ownership interest in the Pioneer Pipeline. Upon closing, the Corporation and TransAlta will each own 50% of the Pioneer Pipeline through a limited partnership, Pioneer Pipeline LP. Closing of the acquisition is subject to, and will take place upon, the transfer of the pipeline assets (including licences) from Tidewater to Pioneer Pipeline LP. Following Closing, the Pioneer Pipeline LP will carry on the business of owning, developing, constructing and operating the Pioneer Pipeline. Tidewater is currently constructing the Pioneer Pipeline and will be the operator thereof.

Customers and Contracts

Tidewater provides fee-based processing, storage and terminal services and tariff-based pipeline services to independent and integrated oil and gas producers. End users for Tidewater's products range from large natural gas utilities, producers and refiners, to retail customers with product reaching the end markets via major export pipelines and rail infrastructure to which Tidewater is connected. Tidewater's contracts are typically structured as fixed fee take-or-pay arrangements, fee-for-service arrangements, and/or reserve or area dedication agreements.

Competition

Each of Tidewater's gas plants is subject to competition from other gas processing plants which are either in the same general vicinity or have gathering systems that are or could potentially extend into geographic regions served by Tidewater's facilities. As well, Tidewater's pipelines, storage, terminal and NGL processing facilities are subject to competition from other existing pipelines and facilities, which competition is anticipated to continue to grow as other companies announce plans for expanded transportation, terminalling and storage services as well as other interconnected geographic areas in western Canada and the United States of America ("**U.S.**").

NGL Marketing and Extraction

Overview

Tidewater provides valuable marketing services to its customers and also focuses on increasing volumes through its gas plants and pipelines. The marketing segment also takes advantage of specific location, quality or time-based opportunities when they are available. Tidewater purchases, extracts, sells, stores and blends NGLs and has three operating ethane extraction plants in the Edmonton area as well as NGL fractionation at the BRC.

Customers

In the NGL marketing business, Tidewater's customer base is diversified and includes integrated oil and gas companies, producers, refineries and retail customers.

Competition

Tidewater's competitors in the NGL marketing business include other midstream companies, major integrated oil and gas companies, their marketing affiliates and independent gatherers, investment banks that have established trading platforms and brokers and marketers of widely varying sizes, financial resources and experience.

Crude Oil Marketing and Transportation

Overview

Tidewater provides valuable marketing services to crude oil customers including producers, refiners, third party crude oil markets and downstream consumers. The marketing segment also takes advantage of specific location, quality or time-based opportunities when they are available. Tidewater purchases, transports, stores and sells crude oil throughout North America. The Corporation operates facilities connected to Western Canadian pipeline egress for crude oil and condensate as well as a proprietary rail terminal in Acheson, Alberta. The Acheson rail terminal is connected to transport crude oil by rail both into and out of the province.

The crude oil marketing business is impacted by market price conditions, such as price changes resulting from global and regional supply and demand, as well as government intervention. With its asset base, Tidewater capitalizes on market opportunities between geographical regions. Marketing margins can vary from period to period with fluctuating commodity prices and differentials.

Customers

In the crude oil marketing business, Tidewater's customer base is diversified and includes integrated oil and gas companies, producers, refineries and downstream end user customers.

Competition

Tidewater's competitors in the crude marketing business include other midstream companies, major integrated oil and gas companies and their marketing affiliates, investment banks that have established trading platforms, and brokers and marketers of widely varying sizes, financial resources and experience. Transportation options for producers and shippers generally include trucking and rail but can also include pipeline options owned by Tidewater's competitors.

Other

Tidewater's other revenue stream includes its propane distribution business, natural gas storage business, as well as minor upstream oil and gas production.

Tidewater distributes propane to retail and wholesale customers throughout western Canada. In the propane marketplace, Tidewater faces competition from large, midsized and small players throughout western Canada. Price competition also exists in areas with large oil and gas accounts where significant volumes can be achieved. Propane also competes with other energy sources, including natural gas, electricity, wood, fuel oil and diesel, many of which are more cost effective on an equivalent energy basis. Propane has advantages over these other fuels in remote locations, in particular, where natural gas or electricity is not economically viable.

Tidewater operates natural gas storage facilities located at the BRC and in the Pipestone area near Grande Prairie, Alberta. At these facilities, Tidewater has proven natural gas injectivity of approximately 90 MMcf/d, proven withdrawal capacity of approximately 30 MMcf/d and total storage capacity of over 200 Bcf. Tidewater offers firm storage capacity to its customers and the storage also supports Tidewater's processing facilities by offering producers an additional egress option during times of pipeline restrictions. Tidewater faces competition from other large storage operators of various sizes and storage tolls can be subject to forward seasonal natural gas prices.

Tidewater's upstream oil and gas production is primarily in northwestern Alberta. Tidewater production is sold through third party marketing companies at current market prices or where possible marketed and sold directly by Tidewater. The upstream oil and gas industry is highly competitive as Tidewater competes for skilled industry personnel, as well as opportunities to maintain and grow production, with numerous larger and smaller companies. Competition may also be presented by alternate fuel sources.

Employees and Labour Relations

As at December 31, 2018, Tidewater employed approximately 280 permanent employees and 90 contractors and consultants in its operations. Approximately 49 employees employed by Tidewater at the BRC are represented by Unifor Local 431. The union is a separate bargaining unit and are not associated with any national or international union. The collective agreement for employees at the BRC expires on April 30, 2019. Tidewater intends to negotiate a new collective agreement with Unifor Local 431 to be effective upon the expiry of the existing collective agreement.

To date, Tidewater has never experienced a labour-related work stoppage at any of its facilities (See "*Risk Factors – Operational Risks – Labour Relations*"*).*

Economic Dependence

The Corporation is not a party to any contract for the purchase or sale of services or products or any other agreement upon which its business is substantially dependent. In addition, the Corporation is not a party to any contracts or subcontracts which terminate, or which are subject to renegotiation this current financial year, and which would reasonably be expected to materially affect the Corporation's business.

Specialized Skill and Knowledge

Tidewater relies on specialized skills and knowledge to design and operate its natural gas and NGL gathering, processing and transportation facilities. Tidewater employs a strategy of contracting consultants and other service providers to supplement the skills and knowledge of its permanent staff in order to provide the specialized skills and knowledge to effectively undertake its gathering, processing and transportation operations.

OTHER INFORMATION RELATING TO TIDEWATER'S BUSINESS

Borrowing

Credit Facility

On August 23, 2018, the Corporation amended its existing credit facility with the Syndicate. Pursuant to the Amended Credit Facility, total availability under the Corporation's credit facility increased from $250 million to $325 million. The Amended Credit Facility also contains an accordion feature which permits the Corporation to increase the size of the facility to an aggregate of $350 million from $325 million. The Amended Credit Facility matures on August 23, 2021, which may be further extended for a period of up to one year with the consent of the Syndicate.

Advances on the Amended Credit Facility may be made by way of prime rate loans, bankers' acceptances, or standby letters of credit/guarantees. The Amended Credit Facility bears interest at a bank's prime rate or bankers' acceptance rate, depending on the type of advance, plus an applicable margin of 125bps to 250bps on prime rate loans, 225bps to 350bps of stamping fees related to banker's acceptances, and 45bps to 70bps for standby fees as determined by reference to the Corporation's consolidated debt to Adjusted EBITDA ratio (as defined in the Amended Credit Facility agreement).

The Corporation is required to maintain certain financial covenants including a consolidated debt to Adjusted EBITDA ratio of less than or equal to 4.50:1, consolidated senior debt to adjusted EBITDA ratio of less than or equal to 3.50:1, and a fixed charge coverage ratio greater than or equal to 1.15:1. The Corporation may include up to 10% of projected annual Adjusted EBITDA attributable to material projects currently under construction based on certain criteria.

Adjusted EBITDA is defined under the Amended Credit Facility as net income (loss) plus finance costs and other, deferred income tax expense, depreciation, unrealized loss (gain) on derivative contracts, share-based compensation, foreign exchange (gains) losses, gains/losses on asset disposal, transaction costs and non-recurring transactions. Consolidated debt is defined as bank debt and notes payable and consolidated senior debt is defined as bank debt. Fixed charge coverage ratio is calculated as Adjusted EBITDA divided by the sum of interest expense, capitalized interest and dividends paid.

At December 31, 2018, Tidewater was in compliance with its financial covenants. For more information on the calculation of the financial covenants see Tidewater's management discussion and analysis accompanying its most recent audited annual financial statements which are available on SEDAR. If Tidewater is unable to comply with the covenants under its Amended Credit Facility, its ability to declare and pay dividends will be affected (see "*Risk Factors – Financial Risks – Debt Matters*"). Management expects that, upon maturity of the Amended Credit Facility, adequate replacements will be established.

Senior Unsecured Notes

On December 19, 2017, Tidewater closed a private placement of $125 million of Notes, being 6.75% senior unsecured notes due December 19, 2022. The Notes are guaranteed, jointly and severally, by Tidewater's subsidiaries on a senior unsecured basis and rank equal in right of payment with all of the existing and future senior unsecured indebtedness of Tidewater and that of the guarantors, as the case may be. Prior to December 19, 2019, Tidewater may redeem up to 35% of the aggregate principal amount of the Notes with proceeds of equity offerings, at a redemption price equal to 106.75% of the principal amount of the Notes to be redeemed, plus any accrued and unpaid interest. On or after December 19, 2019, Tidewater may redeem all or a part of the Notes at fixed redemption prices, plus, in each case, any accrued and unpaid interest.

Integrity Management

Tidewater is committed to maintaining the integrity of all of its pipeline and facility assets. This commitment is integral to Tidewater's business strategy of operating safely and reliably and preserving the longevity of its assets. Tidewater's integrity management programs apply to pipelines and facility pressure equipment and are developed having regard for the applicable regulations and standards which govern the design and operation of these assets.

Through its employees and integrity management programs, Tidewater continuously strives to minimize the likelihood of incidents and operational downtime, while safeguarding employees, the environment and the communities in which it operates.

Tidewater's integrity management programs apply through the complete asset lifecycle from design through retirement. Each program is founded on a process involving identification of hazards that may impact long term integrity of the asset and assessment of risk, establishing plans and activities to mitigate that risk, application of the mitigation under the plan, monitoring the performance of the program and managing change.

Pipeline Integrity

Tidewater owns over 7,500 km (4,200 km net operating) of pipelines. Tidewater's Pipeline Integrity Management Program is designed to evaluate, maintain and assure pipeline health through the entire pipeline life cycle across the entirety of the pipeline network, and does so by maintaining high standards of work in all aspects of pipeline integrity.

Key elements of the Pipeline Integrity Management Program include the design, construction, operation, maintenance, testing and repairing of Tidewater's pipeline systems in accordance with applicable regulations and best business practices. These business practices include but are not limited to: conducting a risk assessment to identify inspection and risk mitigation activities; and measurement of compliance to and performance of the integrity management plan.

Some of the activities undertaken to manage integrity of certain pipelines include carrying out in-line and other inspections, completing repairs to pipelines to maintain system integrity, application of chemicals to mitigate corrosion, right of way surveillance to minimize the risk of third party damage, and depth of cover surveys including watercourses.

Facility Integrity

Tidewater maintains an Integrity Management System for pressure equipment assets associated with its facilities to meet or exceed regulatory requirements. Its integrity programs apply a life cycle approach, the goal of which is to try to ensure that pressure equipment is designed, constructed, installed, commissioned, operated, maintained, decommissioned and managed in a manner that reduces any potential loss of containment, provides worker safety and protects the environment.

Turnarounds at Tidewater's processing facilities are planned and executed with the objective of maintaining integrity of pressure equipment, pressure safety valves, piping and tanks, and at the same time complying with jurisdictional requirements, industry best practices and the requirements of its own integrity management programs. Key pressure equipment inspection and maintenance are conducted during turnarounds. These inspections are scheduled for regular intervals on an ongoing basis as per the Tidewater's Integrity Management System.

Health and Safety Programs

Tidewater is committed to conducting its operations in a manner that protects the health and safety of the public and its workforce. It has a highly skilled workforce and provides ongoing training to maintain the skills and understanding necessary for a safe and healthy work environment. Tidewater's health, safety and environmental policies set an expectation that everyone must share in the responsibility to work safely and responsibly, while meeting or exceeding all applicable laws and regulations. To this end, everyone at Tidewater is expected to:

- include safety as a part of all business and operational decisions;
- identify hazards and take action to address all unsafe conditions, to protect the health and safety of workers, the public, and the environment; and
- report any situation that has or may result in an unsafe action, condition or loss and take action to correct or address the situation.

Tidewater conducts annual emergency response training exercises to practice and determine the effectiveness of its emergency response plans. Tidewater conducts these training exercises in accordance with applicable regulations and administers them with local emergency responders, regulatory agencies, Tidewater employees and key contractors. Tidewater uses the Incident Command System (ICS) which supports a unified approach to emergency response and is a system widely used by emergency response support agencies.

Tidewater regularly reviews its safety performance, conducts safety audits and shares experiences and best practices within the organization and, at times, with others in industry. Tidewater has adopted a suite of policies, procedures and safe operating practices, which it reviews, evaluates and updates based on changes in laws and regulations, technology developments, industry standards and the operational needs of its facilities. Tidewater also has formal incident reporting processes, which allow it to, among other things, identify and track incidents and near misses;

identify, implement and follow up on appropriate corrective actions; and share learnings. Tidewater also carries out investigations to understand factors that might cause or contribute to incidents and seeks to learn from its experiences, as well as industry learnings, in order to prevent the occurrence or recurrence of an incident. Reports of activities and performance under Tidewater's health and safety management system are also provided regularly to each of the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee and the Board.

Tidewater's Environmental, Community and First Nations Programs

Tidewater recognizes and values the importance of responsible environmental stewardship and has made significant investments in infrastructure to improve efficiencies and enhance environmental performance. Tidewater's environmental programs focus on preventing environmental impacts and adopting appropriate remediation strategies when required. Tidewater is committed to conducting its business in a way that balances diverse stakeholder expectations, respects the environment and emphasizes the health and safety of its employees and communities. As part of this commitment, Tidewater strives to conduct its operations in accordance with internally developed environmental operating guidelines and provides its employees with training that includes health, safety and environmental matters. Tidewater also has systems in place for reporting, tracking and monitoring its environmental and regulatory performance. Learnings are shared across the organization and reports on environmental and regulatory performance are regularly delivered to each of the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee and the Board.

Tidewater encourages its employees to identify opportunities to improve efficiencies, reduce fuel gas consumption and reduce emissions. Along with the ability to identify and implement projects that benefit both Tidewater's operations and the environment, Tidewater continues to enhance its design and approval process for the current expansion of its various facilities.

Tidewater is committed to developing and maintaining meaningful, long term relationships with its neighbours, the communities in which it operates and other stakeholders that may be affected by its operations. Tidewater has ongoing community relations and public consultation programs. These programs are intended to keep Tidewater's neighbours informed about its operations and to proactively identify and address any potential concerns. Tidewater also recognizes that it constructs and operates facilities in areas where First Nations communities may be affected. In these circumstances, Tidewater's approach is to work together with the First Nations communities to proactively identify any potential impacts of its activities on the community in order to develop mutually acceptable solutions and benefits. Tidewater is guided by the following principles in its relationships with First Nations: respecting the diversity of First Nations cultures and seeking to understand the customs, values and traditions of First Nations peoples; being committed to honest, open, ongoing communication with First Nations communities affected by its operations and engaging in timely and meaningful consultation with these communities; and offering support for strategies intended to encourage development within First Nations communities, including training, employment, business development and community opportunities related to Tidewater's operational activities.

Environmental Protection – Decommissioning, Abandonment and Reclamation Costs

Tidewater incurs certain decommissioning, abandonment and reclamation costs each year in connection with the facility, well, pipeline and other physical asset components of its operations. These costs can include items such as groundwater remediation programs, soil remediation, well abandonment and removal of unutilized equipment, all of which help Tidewater assess and proactively manage its environmental liability (See "*Industry and Environmental Regulation*" and "*Risk Factors – Operational Risks – Environmental and Public Safety Considerations*").

End-of-life costs are accounted for through Tidewater's financial obligations and are reflected in its financial statements. Tidewater makes full provision for the future cost of its asset retirement obligations measured at the present value of Tidewater's best estimate of the cost to settle such obligations, using a risk-free rate as prescribed by accounting standards. While the provision is based on the best estimate of future costs and the economic lives of the facilities, there is uncertainty in the amount and timing of these costs. For further information, refer to Tidewater's most recent audited annual financial statements which are available on SEDAR at www.sedar.com.

It is difficult to predict asset retirement obligation costs with certainty, because they are a function of regulatory requirements and other factors in force and effect at the time of decommissioning, abandonment and/or reclamation. In determining its asset retirement obligation cost estimates, Tidewater considers: (i) the cost of facility abandonment, including suspension and demolition costs, and (ii) environmental restoration, remediation and reclamation costs, in order to return the site to an equivalent surrounding land-use state. Tidewater engages reputable third party environmental consultants and experienced employees to collect, review and assess the relevant data in preparation of the estimates. To support its estimates, Tidewater has performed end-of-life reviews for its key assets and has completed certain site-specific liability assessments in accordance with the AER Directive 001 – Requirements for Site-Specific Liability Assessments, AER's License Liability Rating Program and Management Plan, and AER Directive 024 – Large Facility Liability Management Program (collectively, the "**LFP**"). Tidewater is required to update the AER assessments every five years and regularly evaluates and updates its other asset retirement obligations, a process that is overseen by the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee.

Tidewater undertakes a number of specific liability reduction activities to decrease the abandonment and reclamation obligations associated with certain facilities. To assist in identifying priorities and projects, Tidewater has developed a liability management system. Through this system, potential projects are identified and prioritized based on a risk ranking system which takes into account a number of variables. Based on the results of this analysis, an annual plan is developed which identifies the proposed projects for that year. The results of this program are reported annually to Tidewater's management and to the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee.

Tidewater's Alberta operations are also subject to several programs designed to mitigate the cost to the public of abandoning and reclaiming facilities under the jurisdiction of the AER. Pursuant to a program commonly referred to as the "Orphan Well Fund", holders of AER licenses for facilities that are not covered under the LFP are required to pay an annual levy to assist in funding the clean-up of orphan facilities. At the Tidewater facilities that are required to pay the levy, it is treated as an operating cost. In addition, the AER requires all licensees to complete prescribed monthly asset-to-liability ratio testing for all licensed facilities (other than pipelines). Licensees that do not pass the asset-to-liability ratio test are required to provide the AER with a deposit. As of the date hereof, Tidewater has an asset-to-liability ratio greater than that required by the AER and has not been required to provide a security deposit.

CODE OF BUSINESS CONDUCT

The Board has adopted a Code of Business Conduct (the "**Code**") which applies to all directors, officers, employees and certain contractors of Tidewater. The Code is available free of charge from Tidewater's office located at Suite 900, 222 - 3rd Avenue S.W., Calgary, Alberta, T2P 0B4.

In support of the Code, Tidewater has adopted business conduct policies covering various matters, including but not limited to ethics, disclosure, insider trading and conflicts of interest, and has adopted a number of specific procedures and guidelines to facilitate compliance with the Code and the various policies (collectively the "**Conduct Policies**"). Tidewater's Insider Trading and Reporting Policy is an example of such a policy. This policy prescribes blackout periods and outlines the circumstances in which Tidewater's directors, officers, employees and consultants will be restricted or prohibited from trading in securities of Tidewater. In accordance with this procedure, directors, officers and certain other employees and consultants are required to notify and obtain the permission of the Chief Financial Officer before buying or selling any securities of Tidewater. Another example is Tidewater's Disclosure and Confidentiality Policy, which is designed to facilitate broad, timely and informative dissemination of material information and to prevent selective disclosure, all in accordance with applicable securities rules and regulations. The Conduct Policies are periodically reviewed and updated as necessary.

New directors, officers, employees and certain contractors are required to receive an orientation regarding the Conduct Policies when they commence their engagement with Tidewater. Tidewater also requires employees, officers and certain contractors to periodically re-certify that they understand and have complied with the Conduct Policies.

CAPITAL STRUCTURE OF TIDEWATER

The rights, privileges and restrictions on the Common Shares and the preferred shares in the capital of the Corporation ("**Preferred Shares**") are contained in the articles of Tidewater, which are available on SEDAR at www.sedar.com and on the Corporation's website at www.tidewatermidstream.com.

Authorized Shares

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series, without nominal or par value, of which, as at the date hereof, 330,867,506 Common Shares are issued and outstanding as fully paid and non-assessable (330,797,329 Common Shares as at December 31, 2018). As of the date hereof there are no outstanding Preferred Shares.

Common Shares

The holders of Common Shares are entitled, subject to the rights, privileges, restrictions and conditions attached to any Preferred Share, to dividends if, as and when declared by the Board, to one vote per share at meetings of the holders of Common Shares and, subject to the rights, privileges, restrictions and conditions attached to any Preferred Share, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares.

Preferred Shares

The Preferred Shares may be issued in one or more series, and the Board is authorized to fix the number of shares in each series, and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The Preferred Shares are entitled to a priority over the Common Shares with respect to the payment of dividends and the distribution of assets upon the liquidation of the Corporation.

DIVIDENDS

Tidewater's general practice is to pay quarterly cash dividends on the Common Shares from its distributable cash flow to Shareholders of record as of the dividend record date, which is generally 30 days prior to the dividend payment date.

Tidewater's dividend policy is intended to provide Shareholders with relatively stable and predictable quarterly dividends, while retaining a portion of cash flow to fund maintenance capital and ongoing growth projects. The amount of dividends to be paid on the Common Shares, if any, is subject to the discretion of the Board and may vary depending on a variety of factors. In addition to the standard legislated solvency and liquidity tests that must be met, Tidewater's ability to declare and pay dividends is also dependent on its compliance with the covenants under the Credit Facility and the Notes (See "*Other Information Relating to Tidewater's Business – Borrowing*").

In determining the level of dividends to be declared, the Board takes into consideration such factors as current and expected future levels of distributable cash flow (including income tax), capital expenditures, borrowings and debt repayments, changes in working capital requirements and other factors.

Over the long term, Tidewater expects to continue to pay dividends from its distributable cash flow; however, credit facilities may be used to stabilize dividends from time to time. Growth capital expenditures will be funded from retained cash flow from operating activities and proceeds from additional debt or equity, as required. Although Tidewater intends to continue to make regular quarterly dividends to Shareholders, dividends are not guaranteed (See "*Risk Factors – Financial Risks – Cash Dividends Are Not Guaranteed*").

Dividend History

The table below provides information on dividends declared per Common Share for each of the three most recently completed financial years.

Dividend Record Date	Amount ($)
December 31, 2018	0.01
September 28, 2018	0.01
June 29, 2018	0.01
March 30, 2018	0.01

Dividend Record Date	Amount ($)
December 29, 2017	0.01
September 29, 2017	0.01
June 30, 2017	0.01
March 31, 2017	0.01
December 31, 2016	0.01
September 30, 2016	0.01
June 30, 2016	0.01
March 31, 2016	0.01

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSX under the symbol "TWM". The following table sets out the price range (monthly high and low sales prices at close) of the Common Shares and consolidated volumes traded for the periods indicated (as reported by the TSX).

Period	High ($)	Low ($)	Volume
2018			
January	1.60	1.43	10,658,300
February	1.49	1.31	5,496,200
March	1.47	1.21	9,269,400
April	1.39	1.27	5,687,300
May	1.42	1.27	6,911,100
June	1.29	1.20	9,167,600
July	1.29	1.22	4,772,900
August	1.47	1.27	7,447,000
September	1.57	1.37	9,320,200
October	1.48	1.27	12,050,300
November	1.47	1.28	5,874,700
December	1.37	1.21	4,431,100

Prior Sales

The following table summarizes the issuances of unlisted securities for the year ended December 31, 2018.

Description of Security	Date Issued	Number of Securities Issued	Issuance/Exercise Price Per Security ($)
Restricted Share Units	January 8, 2018	33,000(1)	N/A
Options	February 8, 2018	30,000(2)	1.52
Restricted Share Units	March 30, 2018	19,575(1)	N/A
Options	April 3, 2018	2,565,750(2)	1.37
Restricted Share Units	April 3, 2018	2,269,750(1)	N/A
Performance Share Units	April 3, 2018	$483,011(3)	N/A
Options	April 4, 2018	3,000(2)	1.34
Restricted Share Units	April 4, 2018	2,000(1)	N/A

Description of Security	Date Issued	Number of Securities Issued	Issuance/Exercise Price Per Security ($)
Options	May 16, 2018	108,500(2)	1.30
Restricted Share Units	May 16, 2018	38,500(1)	N/A
Options	June 21, 2018	30,000(2)	1.22
Restricted Share Units	June 21, 2018	10,000(1)	N/A
Restricted Share Units	July 3, 2018	30,508(1)	N/A
Restricted Share Units	October 1, 2018	38,034(1)	N/A
Options	October 23, 2018	2,308,750(2)	1.32
Restricted Share Units	October 23, 2018	1,750,613(1)	N/A
Deferred Share Units	October 23, 2018	70,000(4)	N/A
Options	October 30, 2018	15,000(2)	1.35
Restricted Share Units	October 30, 2018	10,750(1)	N/A
Performance Share Units	October 31, 2018	$347,477(3)	N/A
Options	November 30, 2018	10,000(2)	1.34
Restricted Share Units	November 30, 2018	7,500(1)	N/A
Options	December 28, 2018	30,000(2)	1.23
Restricted Share Units	December 29, 2018	15,000(1)	N/A

Notes:

(1) Refers to a Restricted Share Unit of the Corporation granted pursuant to the Restricted Share Unit plan of the Corporation.
(2) "**Option**" means a stock option to acquire a Common Share granted pursuant to the stock option plan of the Corporation.
(3) Refers to a Performance Share Unit of the Corporation granted pursuant to the Performance Share Unit plan of the Corporation. The Performance Share Units are a cash value equivalent which are used to purchase Common Shares in the open market.
(4) Refers to a Deferred Share Unit of the Corporation granted pursuant to the Deferred Share Unit plan of the Corporation.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the knowledge of management of the Corporation as at December 31, 2018, there are no securities of the Corporation held in escrow or subject to contractual restrictions on transfer.

DIRECTORS AND EXECUTIVE OFFICERS

Directors of Tidewater

The names, municipalities of residence, principal occupations for the five most recently completed financial years and committee membership of each of the directors of Tidewater as of the date hereof are set out below:

Name, Residence, Principal Occupation, Period of Service as a Director and Other Issuers of which the Director is a Director	Position on Committees of the Board
Joel MacLeod Calgary, Alberta, Canada Mr. MacLeod has been a director and Chairman of the Corporation since February 4, 2015 and assumed the role of President and Chief Executive Officer of Tidewater on April 20, 2015. From August 2014 to March 2015, Mr. MacLeod was the Vice President, Rail of Secure Energy Services Ltd. From January 2012 to present, Mr. MacLeod has been a founder of Highwood Oil Company Ltd. (formerly Predator Oil Ltd.) Mr. MacLeod was also the founding Chief Executive Officer and majority shareholder of Predator Midstream Ltd. ("**Predator Midstream**") from January 2012 to the sale of the company in August 2014. Prior to founding Predator Midstream, Mr. MacLeod was the Chief Financial Officer of SkyWest Energy Corp. ("**SkyWest**") from 2010 to 2012. Mr. MacLeod is a director of Highwood Oil Company Ltd.	Mr. MacLeod is: • Chairman • Not a member of any committee of the Board

Name, Residence, Principal Occupation, Period of Service as a Director and Other Issuers of which the Director is a Director	Position on Committees of the Board
Stephen J. Holyoake Calgary, Alberta, Canada Mr. Holyoake has been a director of the Corporation since February 4, 2015. Currently, Mr. Holyoake is the President and Chief Executive Officer of Fireweed Energy Ltd. Mr. Holyoake was Vice-President, Drilling and Completions at Tangle Creek Energy Ltd. from 2012 to 2017 and was the Vice President of Operations at SkyWest from 2010 to 2012. Prior to joining SkyWest, Mr. Holyoake was the Manager Drilling & Completions at Berens Energy Ltd. Mr. Holyoake is a director of Highwood Oil Company Ltd. (formerly Predator Oil Ltd.)	Mr. Holyoake is: • Not a member of any committee of the Board
Doug Fraser (Lead Director) Calgary, Alberta, Canada Mr. Fraser has been a director of the Corporation since April 20, 2015 and was appointed as Lead Director on November 13, 2017. Mr. Fraser was most recently the Chief Financial Officer at TAQA (from 2008 – 2011) based in Abu Dhabi where he oversaw oil and gas and infrastructure assets with a value of greater than $30 billion. Prior to TAQA, Mr. Fraser was the Chief Financial Officer of PrimeWest Energy Trust (from 2007 – 2008) at the time of its acquisition by TAQA for approximately $5 billion in cash. In roles previous to PrimeWest, Mr. Fraser was the Chief Financial Officer of Husky Energy and held senior roles at Petro-Canada and Imperial Oil.	Mr. Fraser is: • Member of the Audit Committee (Chair) • Member of the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee
Margaret Raymond Calgary, Alberta, Canada Ms. Raymond has been a director of the Corporation since May 25, 2017. Currently and since January, 2010, Ms. Raymond is the President (and owner) of 1508239 Alberta Ltd., a firm providing environment, health and safety management consulting services. Prior thereto from January, 1983 until August, 2009, Ms. Raymond held various roles at Petro-Canada, including five years as Vice President responsible for global human resources and health, safety and environment.	Ms. Raymond is: • Member of the Audit Committee • Member of the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee (Chair)
Robert Colcleugh Calgary, Alberta, Canada Mr. Colcleugh has been a director of Tidewater since May 25, 2017. Mr. Colcleugh has been the Chairman of the Board of Beyond Energy Services & Technology Corp. ("Beyond"), a managed pressure drilling service company, since Aug 2017. Prior thereto, Mr. Colcleugh was the Chief Executive Officer of Beyond from January 2017 until August 2017. Mr. Colcleugh was the Chief Executive Officer and Director of Iron Bridge Resources Inc., a TSX listed oil and gas producer, from July 2017 until its sale in October 2018. From 2009 until January 2017, he was Managing Director of Investment Banking for Macquarie Capital Markets Canada Ltd. (a division of Macquarie Bank). Prior thereto, he was one of the founders of Tristone Capital Inc., a global energy investment banking boutique that was purchased by Macquarie in 2009.	Mr. Colcleugh is: • Member of the Audit Committee • Member of the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee

In accordance with the articles of Tidewater, directors are to be elected annually by the Shareholders. Between annual meetings, the Board has the authority to appoint one or more additional directors to serve until the next annual meeting provided that the number of directors so appointed does not exceed 1/3 of the number of directors holding office at the expiration of the last annual meeting.

Officers of Tidewater

The name, municipality of residence, position held and principal occupations for the five most recently completed financial years of each of the officers of Tidewater are set out below:

Name and Municipality of Residence	Position with Tidewater	Principal Occupation
Joel A. MacLeod Calgary, Alberta, Canada	President and Chief Executive Officer	Mr. MacLeod has been a director and Chairman of Tidewater since February 4, 2015 and assumed the role of President and Chief Executive Officer of Tidewater on April 20, 2015. From August 2014 to March 2015, Mr. MacLeod was the Vice President, Rail of Secure Energy Services Ltd. From January 2012 to present, Mr. MacLeod is a founder of Highwood Oil Company Ltd. (formerly Predator Oil Ltd.) and is currently a director. Mr. MacLeod was also the founding Chief Executive Officer and majority shareholder of Predator Midstream from January 2012 to the sale of the company in August 2014.
Tobias (Toby) J. McKenna Calgary, Alberta, Canada	Vice President, Business Development & Commercial	Mr. McKenna was a director of Tidewater from February 4, 2015 until March 23, 2016. He was President and Chief Executive Officer of Tidewater from February 4, 2015 until April 20, 2015, at which time he became the Vice President, Business Development & Commercial of Tidewater. From 2010 to 2014, he was Vice President, Natural Gas Trading for Castleton Commodities Canada and prior thereto was co-founder of its predecessor Louis Dreyfus Energy Canada in 2003.
Joel K. Vorra Calgary, Alberta, Canada	Chief Financial Officer	Mr. Vorra has been the Chief Financial Officer of Tidewater since February 4, 2015. From October 2013 until its sale in August 2014, Mr. Vorra was the Controller of Predator Midstream and worked closely with the company's founders and board of directors. Prior to joining Predator Midstream, Mr. Vorra earned his Chartered Accountant designation with Collins Barrow Calgary LLP and worked as a senior member of the firm's audit teams from 2008 to 2013.
Jarvis A. Williams Calgary, Alberta, Canada	Vice President, Logistics and Midstream Operations	Mr. Williams has been the Vice President, Logistics and Midstream Operations of Tidewater since February 4, 2015. From October 2012 until its sale in August 2014, Mr. Williams was Vice President of Midstream Operations and Logistics of Predator Midstream. Prior to joining Predator Midstream, Mr. Williams worked for SkyWest until its sale to Marquee Energy as well as PrimeWest Energy Trust and TAQA North Ltd.
Jeff T. Ketch Calgary, Alberta, Canada	Vice President, Field Operations	Mr. Ketch has been the Vice President, Field Operations of Tidewater since February 4, 2015. Previously, Mr. Ketch held the positions of Vice President, Operations for both Predator Midstream and Highwood Oil Company Ltd. (formerly Predator Oil Ltd.) (2014). Mr. Ketch held management positions for all Canadian assets with Equal Energy Ltd. (2007-2012).
Reed McDonnell Calgary, Alberta, Canada	Vice President, Joint Venture & Acquisitions	Mr. McDonnell has been the Vice President, Joint Venture & Acquisitions since March 29, 2016. Previously, Mr. McDonnell was the Senior Midstream Operations & Business Analyst of Predator Midstream (February to August 2014). Prior thereto, Mr. McDonnell was in Institutional Equity Research at Cormark Securities Inc. (2011-2014) and Wellington West Capital Markets Inc. (2010-2011).
Brent Booth Calgary, Alberta, Canada	Vice President, NGL Marketing	Mr. Booth has been the Vice President, NGL Marketing since March 29, 2016. Previously, Mr. Booth spent eight years with Plains Midstream Canada, where he served in various capacities as a trader for the NGL Marketing, Ethane and Natural Gas and Risk Management groups.

Name and Municipality of Residence	Position with Tidewater	Principal Occupation
David Barva Calgary, Alberta, Canada	Vice President, Legal, General Counsel and Corporate Secretary	Mr. Barva has been the Vice President, Legal, General Counsel and Corporate Secretary of Tidewater since September, 2017. Previously, Mr. Barva was the Associate General Counsel of Trilogy Energy Corp., a company listed on the TSX, where he worked since August, 2006 in roles with progressively increasing responsibility.

Security Holding by Directors and Officers

As at the date hereof, the directors and executive officers, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 9,892,091 Common Shares, representing approximately 2.99% of the issued and outstanding Common Shares.

Cease Trade Orders

To the knowledge of management no director or executive officer as at the date hereof, is or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any corporation (including the Corporation), that (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes hereof, "order" means: (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant Corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Bankruptcies

To the knowledge of management no director, executive officer of the Corporation or a Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any corporation (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of management no director, executive officer or Shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has incurred any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject to in connection with the operations of the Corporation. In particular, certain directors and officers of the Corporation and its subsidiaries are associated with other reporting issuers or other corporations, including Highwood Oil Company Ltd., Predator, Cedar Creek and Mach, which may give rise to conflicts of interest with the Corporation.

In accordance with the applicable corporate and securities legislation, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable corporate law.

Insurance Coverage and Indemnification

The Corporation maintains liability insurance for its directors and officers with coverage and terms that are customary for a Corporation of its size and industry. In addition, the Corporation has entered into indemnification agreements with its directors and officers. The indemnification agreements generally require that the Corporation indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Corporation as directors and officers, so long as the indemnitees acted honestly and in good faith with a view to the best interests of the Corporation and, with respect to criminal or administrative actions or proceedings that are enforced by monetary penalty, if the indemnitee had no reasonable grounds to believe that his or her conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by the Corporation.

AUDIT COMMITTEE INFORMATION

Audit Committee Members and Terms of Reference

The Audit Committee is appointed annually by the Board of Directors. The responsibilities and duties of the Audit Committee are set forth in the Audit Committee Charter is attached hereto as Schedule A. The Audit Committee consists of three members, each of whom is independent and financially literate as defined by National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("**NI 52-110**").

The following table sets out the relevant education and experience of the members of the Audit Committee:

Name	Relevant Education and Experience
Doug Fraser (Chair) • Independent • Financially Literate	Mr. Fraser has been a director of the Corporation since April 20, 2015 and was appointed Lead Director on November 13, 2017. Mr. Fraser was most recently the Chief Financial Officer at TAQA based in Abu Dhabi where he oversaw oil and gas and infrastructure assets with a value of greater than $30 billion. Prior to TAQA, Mr. Fraser was the Chief Financial Officer of PrimeWest Energy Trust at the time of its acquisition by TAQA for approximately $5 billion in cash. In roles previous to PrimeWest, Mr. Fraser was the Chief Financial Officer of Husky Energy and held senior roles at Petro-Canada and Imperial Oil. Mr. Fraser obtained his Chartered Accountant designation in 1983. Mr. Fraser's executive level experience, designation as a Chartered Accountant received in 1983 and over 31 years of experience in accounting and finance roles provide him with the skill set and financial literacy required to carry out his duties as a member of the Audit Committee.

<table>
<tr><th>Name</th><th>Relevant Education and Experience</th></tr>
<tr><td>Margaret Raymond
• Independent
• Financially Literate</td><td>Ms. Raymond has been a director of the Corporation since May 25, 2017. Ms. Raymond is an experienced environment, health and safety and human resources professional with many years in the oil and gas industry. Since 2009, Ms. Raymond has been the President of her own consulting firm and, in this capacity, acts as a consultant and advises corporate Boards of Directors and Executives on operational and environment, health and safety risk management and governance. Ms. Raymond was formerly Vice President, Environment, Safety and Social Responsibility with Petro-Canada from 2006 to 2009. She was responsible globally at Petro-Canada for environment, health, employee assistance programs, safety, aboriginal affairs, security, stakeholder relations, emergency response and crisis management as well as corporate responsibility.

Ms. Raymond is on the board of directors of Centre for Affordable Water and Sanitation Technology ("CAWST"), a non-profit that brings clean water to the very poor in 63 countries around the world, the Alberta WaterPortal Society, and the Calgary Opera Association.

Ms. Raymond holds her B.A. in Human Biology from Stanford University (Palo Alto, CA) and her Masters of Public Health, Environmental Health, from the University of California (Berkeley, CA). She also holds her ICD.D designation from the Institute of Corporate Directors, Directors Education Program, University Calgary, Haskayne School of Business (2007).

Ms. Raymond's financial literacy is evidenced by, among other things being:
• part of the executive leadership team of Petro-Canada from 2001-2009 where she participated on all monthly, quarterly and annual financial reviews and participated in the preparation of quarterly and annual press releases and conference call scripts;
• a member of the finance committee of the Calgary Opera board of directors;
• past chair of the Board of Directors of CAWST, including a non-voting member of the Audit and Risk Committee; and
• a holder of an ICD.D designation which required completion of a monitoring financial strategy, risks and disclosure course.

In addition, Ms. Raymond completed an executive management program at the University of Michigan, which program included courses in finance and accounting. This executive level business experience provides Ms. Raymond with the skill set and financial literacy required to carry out her duties as a member of the Audit Committee.</td></tr>
<tr><td>Robert Colcleugh
• Independent
• Financially Literate</td><td>Mr. Colcleugh has been a director of the Corporation since May 25, 2017. Mr. Colcleugh has been the Chairman of the Board of Beyond Energy Services & Technology Corp. ("Beyond"), a managed pressure drilling service company, since Aug 2017. Prior thereto, Mr. Colcleugh was the Chief Executive Officer of Beyond from January 2017 until August 2017. Mr. Colcleugh was the Chief Executive Officer and Director of Iron Bridge Resources Inc., a TSX listed oil and gas producer, from July 2017 until its sale in October 2018. Prior thereto, he was Managing Director of Investment Banking for Macquarie Capital Markets Canada Ltd. (a division of Macquarie Bank) from 2009 until January 2017. Prior thereto, he was one of the founders of Tristone Capital Inc., a global energy investment banking boutique that was purchased by Macquarie in 2009.

Mr. Colcleugh has provided financing, mergers, acquisitions and divestiture advisory services to a broad array of energy companies in the domestic Canadian, international, midstream and technology industries.

Prior to his involvement in capital markets, he managed Duke Energy's Power business in Ontario and their capital business in Canada where he deployed the utility's balance sheet and created structured products around natural gas and power streams for customers.

Mr. Colcleugh began his career in portfolio management with a focus on high yield debt and energy equities after graduating from the University of Western Ontario's Ivey Business School with an MBA in 1997. Mr. Colcleugh also holds a B.A. in Economics from the University of Western Ontario.

Mr. Colcleugh's executive level experience as a chief executive officer of a public company, over 15 years of experience as a managing director in investment banking and MBA degree provide Mr. Colcleugh with the skill set and financial literacy required to carry out his duties as a member of the Audit Committee.</td></tr>
</table>

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services, as described in the Audit Committee Charter.

External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in each of the two fiscal years noted below for audit and other fees are as follows:

Financial Year Ending	Audit Fees(1) ($)	Audit Related Fees(1) ($)	Tax Fees(1) ($)	All Other Fees(1) ($)
2018	382,000	64,000	32,000	27,500
2017	325,000	3,500	19,000	-

Note:

(1) "**Audit Fees**" are the aggregate fees necessary to perform the annual audit and quarterly reviews of the Corporation's financial statements billed by the Corporation's external auditor. "**Audit-Related Fees**" are the aggregate fees billed by the Corporation's external auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as audit fees. During 2018 and 2017, the nature of the services provided included review of prospectuses and security filings and registration costs for the Canadian Public Accountability Board. "**Tax Fees**" are the aggregate fees billed by the Corporation's external auditor for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. "**All Other Fees**" are the aggregate fees billed by the Corporation's external auditor for products and services other than those described as "Audit Fees", "Audit Related Fees" and "Tax Fees". During 2018, the nature of the services comprising such fees was translation services.

INDUSTRY AND ENVIRONMENTAL REGULATION

General Regulatory Context

Tidewater is subject to a range of laws, regulations and requirements imposed by various levels of government and regulatory bodies in the jurisdictions in which it operates. While these legal controls and regulations affect numerous aspects of Tidewater's activities, including but not limited to, the operation of wells, pipelines and facilities, construction activities, emergency response, operational safety and environmental procedures, Tidewater does not believe that they impact its operations in a manner materially different from other comparable businesses operating in the same jurisdictions.

During the year ended December 31, 2018, substantially all of Tidewater's material operations and facilities were located in Alberta, therefore, this section focuses on the Alberta regulatory regime.

Greenhouse Gas and Emissions Regulation

Greenhouse gases, mainly carbon dioxide and methane, are components of the raw natural gas processed and handled at Tidewater's facilities. In addition, operations at Tidewater's facilities, require the combustion of fossil fuels in engines, turbines, heaters and boilers, as well as the use of electricity, all of which release carbon dioxide, methane and other minor greenhouse gases. As such, Tidewater is subject to various greenhouse gas reporting requirements and carbon dioxide equivalent ("**CO2e**") emission intensity reduction targets. Emissions intensity refers to the amount of greenhouse gas, measured on a CO2e basis, emitted on a unit of production basis. Two of the primary factors that affect emissions intensity at Tidewater's facilities are fuel gas consumption and throughput. Lower throughput and higher levels of fuel gas consumption result in higher emission intensities.

Tidewater uses engineering consulting firms to compile inventories of greenhouse gas emissions and reports these inventories in accordance with federal and provincial programs. Third party audits and/or verifications of inventories are conducted for facilities that are required to meet regulatory targets.

Regulatory Framework Through 2018

In Alberta, the Climate Leadership Plan, which was originally announced in 2015, identified key action areas to address climate change matters:

- Replacing the *Specified Gas Emitters Regulations* ("**SGER**") with an output based allocation ("**OBA**") program for *Large Final Emitter facilities* ("**LFEs**");

- Implementing a new carbon levy on fuel combustion in 2017;

- Phasing out coal-generated electricity and developing more renewable energy;

- Legislating an oil sands emission limit; and

- Employing a new methane emission reduction plan.

Since this announcement, the Alberta Government has continued to advance implementation of its plan, including:

- Replacing the SGER with the *Carbon Competitiveness Incentive Regulation* ("**CCIR**"); and

- Passing the *Climate Leadership Act* which, among other things, implemented the carbon levy effective January 1, 2017.

In the near term, the majority of Tidewater's facilities are exempt from the Alberta carbon levy. In particular, heating fuels consumed by LFEs are exempt under the CCIR program that came into effect in 2018. Further, natural gas produced and consumed on site for most AER-regulated oil and gas activities are exempt until 2023 as the regulators focus on methane reduction initiatives in these areas.

The *Climate Change and Emissions Management Act* ("**CCEMA**") and regulations, establish a framework for the regulation of greenhouse gas emission intensities. The Alberta Climate Change Office ("**ACC**") manages policy development and compliance of these regulations. The CCIR and the *Specific Gas Reporting Regulation* ("**SGRR**") are managed under CCEMA.

The CCIR replaced the SGER effective January 1, 2018. Like the SGER, the CCIR applies to facilities that emit 100,000 tonnes or more of greenhouse gases in 2003 or in any subsequent year. Product-based benchmarks, such as emissions per barrel of oil produced or kilowatt of electricity generated, are set for industries where there is more than one regulated facility producing a specific product. Generally, product-based benchmarks are expected to be set on a "best-in-class" basis or at 80% of the production weight average greenhouse gas emissions intensity of producing the product in an industry ("industry benchmark"). If a facility can produce the product with fewer emissions than best-in-class or 80% of the average, then it will be entitled to generate Emissions Performance Credits (EPCs). If a facility cannot meet the industry benchmark, there are the same compliance options as the SGER program:

- purchasing emissions offsets. Emissions offsets are classified as actions or projects which have resulted in reduced greenhouse gas emissions in Alberta on or since January 1, 2002;

- purchasing fund credits from the Climate Change and Emissions Management Fund (the "**CCEMF**") at a cost of $30/tonne for 2017; and/or

- purchasing emissions performance credits ("**EPCs**"). EPCs are earned by a LFE with an emissions intensity below the net emissions target and can be sold internally or into the marketplace.

A notable difference between the CCIR and the SGER is that under the CCIR, EPCs and offsets will expire after 8 years and there is a limit to the amount of EPCs and offsets that can be used to meet compliance obligations (50% in 2018, 45% for 2019 and 40% in 2020 reporting year, with a phase out of all pre-2017 EPCs and offsets for the 2021 reporting year).

For gas processing facilities the ACCO created the Alberta Gas Processing Index. The Alberta Gas Processing Index is a modular production metric based on the throughput or production of certain defined gas plant units. The Alberta Gas Processing Index has 13 modules. The BRC and the Ram River Gas Plant are LFEs and are regulated facilities under the CCIR program. Both of these facilities will use the Alberta Gas Processing Index to determine their specific output based allocations and compliance costs.

With respect to the SGRR, since the 2017 reporting period, facilities emitting 10,000 tonnes of CO2 equivalent or more are required to submit a specified gas report to the Alberta Climate Change Office. The previous reporting threshold was 50,000 tonnes.

In addition to these Alberta regulations, Tidewater also has emission reporting responsibilities under the *Canadian Environmental Protection Act* ("**CEPA**"). Since the 2017 reporting period, the reporting threshold for CO2e emissions under CEPA has been reduced to 10,000 tonnes. As a result of these changes, Tidewater will now be publically reporting on ten of its facilities. Summaries of these federal emissions reports are publically available.

Other Emissions Regulatory Developments

In addition to being engaged in ongoing consultation with the Government of Alberta with respect to the development of the OBA program for gas facilities, Tidewater is also monitoring developments with respect to the Joint Initiative on Methane Reduction and Verification. The Federal Environmental and Climate Change Canada Methane Regulations and the revised AER Directives 60 and 17 were released in 2018. Given the nature of Tidewater's operations, it does not anticipate any significant impact associated with the methane reduction efforts.

In 2016, the Government of Canada also released Multi-sector Air Pollutants Regulations with national performance standards for Nitrogen Oxide ("**NOx**") emissions. Within the regulations there are performance standards for two equipment types: gaseous-fuel-fired boilers and heaters, and stationary spark-ignition gaseous-fuel-fired engines. Reporting requirements came into effect in 2017. Flexible performance standards for engines have been utilized with an interim milestone of 2021 and final compliance deadline of 2026. Boilers and heaters will have performance standards starting in 2026. Tidewater carefully monitors NOx emissions at its plants and equipment in order to manage its operations to meet the upcoming compliance timelines.

Overall Implications of Emissions Regulation for Tidewater

As part of Tidewater's continued commitment to reduce greenhouse gas emissions from its operations, it has implemented many initiatives to support greenhouse gas reductions. These initiatives include, but are not limited to: new facility design and construction to support low NOx emissions and waste heat conversion; and, engagement with third party experts to audit our facilities to identify reduction opportunities.

Tidewater anticipates that its compliance costs will increase as a result of the changing greenhouse gas emissions regulatory requirements. However, based on currently available information, Tidewater does not expect the incremental direct cost of compliance between now and 2023 to be material. Tidewater's analysis has taken into account:

- the exemption from the carbon levy that is in place for most of Tidewater's facilities until 2023,
- the facility benchmarking data that is currently available,
- the estimated CCIR compliance obligations forecast increases in carbon pricing based on the federal framework, and
- forecast throughput at Tidewater's LFEs and expected future emissions performance of Tidewater facilities.

Despite these aforementioned cost increases, Tidewater has accumulated a number of serialized EPCs that can be utilized to minimize its compliance cost exposure.

Looking longer term (2023 and beyond), compliance costs are expected to continue to increase as the exemption from the Alberta carbon levy for gas processing facilities expires and the effect of increased carbon pricing under Pan-

Canadian Framework on Clean Growth and Climate Change (which contemplates carbon pricing increasing to $50 per tonne of carbon dioxide equivalent by 2022) take effect. Under this Framework, each province must implement a carbon reduction program by 2018 using a mechanism of its choice, failing which, the federal government minimum carbon pricing standards will be applied. Tidewater will continue to evaluate these longer term developments in order to incorporate them into its planning and to evaluate potential financial and operational implications. Given the multitude of variables that could cause outcomes to change, it is not currently possible to predict the future incremental compliance costs with any certainty (See "*Risk Factors – Operational Risks – Environmental and Public Safety Considerations*").

Environmental Regulation (Non-Emissions)

The midstream industry is subject to provincial and federal environmental legislation and regulations. Among other things, the environmental regulatory regime provides for restrictions and prohibitions on releases or emissions of various substances produced in association with certain oil and natural gas industry operations. Environmental regulation affects the operation of facilities and limits the extent to which facility expansion is permitted. In addition, legislation requires that facility sites and pipelines be abandoned and reclaimed to the satisfaction of provincial authorities and local landowners. A breach of such legislation may result in notices of non-compliance, the imposition of fines, the issuance of clean-up orders or the shutting down of facilities and pipelines.

The AER is the main government agency that regulates midstream operations and facilities in the Province of Alberta. In addition, some activities and facilities are also regulated by Alberta Environment and Parks (AEP). Among the primary pieces of legislation that form the regulatory framework are the *Oil and Gas Conservation Act* (Alberta), the *Pipelines Act* (Alberta) and the *Environmental Protection and Enhancement Act* (Alberta) ("**EPEA**"), along with all related regulations. In order to construct and operate most midstream facilities, a license and potentially an operating approval from the AER is required. The license and approval requirements will depend on such factors as the nature of the facility or installation, the type of activity and the type of product. To hold a license the applicant must demonstrate, at the time of application, that the impact of the facility on the environment will be within acceptable limits. Operating approvals are intended to address a facility's impact on the physical environment and limit emissions to air and water depending on the size of the facility and the nature of the product being handled. The AER also conducts regular inspections of the facilities that are subject to their regulation. The disposal of wastewater and gases into wells drilled into deep geologic formations is regulated by the AER. A number of Tidewater's facilities hold approvals and permits for these disposal activities. Further, the use of water (surface or groundwater) is regulated under the *Water Act* (Alberta).

Under EPEA, environmental standards and compliance obligations for releases, clean-up and reporting are subject to scrutiny by the AER and the public. Liability for clean-up, remediation and reclamation costs may be imposed on a wide range of parties including present and past owners, or those that had charge, management or control of a substance that has been spilled or released. Regulators may issue shut-down orders where facilities or pipelines are not in compliance with the environmental laws or operating approvals, and fines under EPEA may be as high as $1,000,000 for each day that an offence under EPEA continues. Tidewater has never been subject to enforcement actions of this nature.

The AER has also issued multiple Directives and Guides with strict requirements and standards concerning matters such as oilfield waste management and the suspension, abandonment and reclamation of oil and natural gas wells, pipelines, and facilities that must be factored into the cost of conducting operations in Alberta.

When evaluating projects in areas that may have an impact on critical habitats, Tidewater undertakes appropriate evaluation, monitoring and testing prior to proceeding with development activities and may modify its plans or operating parameters to mitigate potential impacts.

Transportation of Dangerous Goods

Petroleum products, including NGLs and crude oil are subject to regulation under the transportation of dangerous goods ("**TDG**") legislation in Canada and the U.S. Tidewater has a fleet of rail cars that it uses to move these products across Canada and the U.S. Tidewater also owns and leases trucks, as well as has truck loading/off-loading racks at a number of its facilities and also contracts with other companies to provide trucking services for products requiring transport. Because Tidewater ships these products to various locations across North America, it is required to comply with TDG laws in each of these jurisdictions.

TDG laws require parties handling, offering for transport, transporting or importing certain dangerous goods to have an approved Emergency Response Assistance Plan ("**ERAP**") in place. ERAPs are required for (i) Class II products such as propane and butane; and (ii) for class III products such as crude oil and condensate when transported by rail. An ERAP is intended to ensure that specialized emergency response personnel and equipment are available in a timely manner, in order to assist and/or supplement primary emergency responders responding to an incident.

Tidewater monitors regulatory developments, and other recommendations that are introduced by regulatory agencies with respect to TDG matters, including safety data sheet requirements for the products it handles and rail car specifications. Tidewater also monitors the practices and tariffs of railway companies and has observed that the major railway companies in Canada have implemented standard contract and/or tariff provisions aimed at shifting responsibility for certain damages and claims to shippers. (See "*Risk Factors – Operational Risks – Transportation of Dangerous Goods*").

RISK FACTORS

An investment in the Common Shares is highly speculative due to the high risk nature and stage of development of the Corporation's business.

In carrying out its business and operations, the Corporation deals with a number of risks. Generally, the Corporation's risks fall into two principal categories: (i) operational risks, including legal, regulatory and strategic risks; and (ii) financial risks. These categories are outlined below along with summaries of the specific risk factors within each general category. In some instances, risks may fall into both categories. In such cases the Corporation has classified risks based on the primary category in terms of how they affect it. The most significant risks in each category are listed first, based on the Corporation's current assessment of each risk. To the extent the Corporation's business or operations are affected by these risks, there could be an adverse effect on the Corporation's financial performance and distributable cash flow available to pay dividends.

The Corporation continually works to identify and evaluate significant risks and to develop and maintain appropriate strategies to mitigate the impact of potential risks to its business. The Corporation's approach to risk management is integrated into its overall approach to decision making (both formal and informal) and also includes formal risk reviews with respect to certain matters. The summary provided below describes the main risks known to the Corporation and also identifies some of the steps that the Corporation takes to mitigate these identified risks.

All statements regarding the Corporation's business should be viewed in light of these risk factors. Investors should consider carefully whether an investment in the Common Shares is suitable for them in light of the information in this AIF and their personal circumstances. If any of the identified risks were to materialize, the Corporation's business, financial position, results and/or future operations may be materially affected. Additional risks and uncertainties not presently known to the Corporation, or which the Corporation currently deems not to be material, may also have an adverse effect upon the Corporation and the Common Shares.

Readers should carefully consider all of the information set out in this AIF before making an investment decision. Readers are cautioned that this summary of risks may not be exhaustive, as there may be risks that are unknown and other risks that may pose unexpected consequences. Further, many of the risks are beyond the Corporation's control and, in spite of the Corporation's active management of its risk exposure, there is no guarantee that these risk management activities will successfully mitigate such exposure.

Operational Risks

Frac Spread and Commodity Prices

The natural gas, NGL and crude oil midstream infrastructure business is exposed to possible price declines between the time Tidewater purchases NGL feedstock and sells NGL products, and to narrowing frac spreads. Frac spread is the difference between the selling prices for NGL products and the input cost of the natural gas required to produce the respective NGL products, generally expressed in US$ per US gallon. The frac spread can change significantly from period to period depending on the relationship between crude oil and natural gas prices (the "**frac spread ratio**"), absolute commodity prices, and changes in the Canadian to U.S. dollar foreign exchange rate. There is also a differential between NGL product prices and crude oil prices which can change prices received and margins realized for midstream products separate from frac spread ratio changes. The amount of profit or loss made on the extraction portion of the natural gas, NGL and crude oil midstream infrastructure business will generally increase or decrease with the frac spread. This exposure could result in material variability of cash flow generated by the natural gas, NGL and crude oil midstream infrastructure business, which could negatively affect Tidewater and the ability of Tidewater to declare cash dividends.

Reliance on Producer Activity and Long Term Declines

The volumes of natural gas processed through Tidewater's natural gas and NGL midstream infrastructure business and of NGLs and other products transported in the pipelines depend on production of natural gas in the areas serviced by the business and pipelines. Without reserve additions, production will decline over time as reserves are depleted and production costs may rise.

The Corporation's facilities are located in or depend on the Western Canada Sedimentary Basin. As a mature basin, production is projected to decline over the long term. Although new technology has allowed producers to access and produce reserves that were previously viewed as uneconomic, it is not clear the extent to which such advances in technology will offset the long term overall declines. As well, industry activity levels depend upon economic and regulatory conditions that permit and incent producers to explore for and develop reserves. Producers in the areas serviced by the business may not be successful in exploring for and developing additional reserves, and the gas plants and the pipelines may not be able to maintain existing volumes of throughput. Commodity prices may not remain at a level which encourages producers to explore for and develop additional reserves or produce existing marginal reserves. Further, with current commodity pricing dynamics compounded by product egress challenges in the Western Canada Sedimentary Basin, some producers have slowed or modified their exploration and development plans in Western Canada. Lower production volumes will also increase the competition for natural gas supply at gas processing plants which could result in higher shrinkage gas premiums being paid to natural gas producers. The Corporation cannot predict the impact of future economic conditions on the energy and petrochemical industries or future demand for and prices of natural gas, NGLs, crude oil and other products. These and other factors such as higher development costs or royalties, global and North American commodity inventory levels and infrastructure constraints may discourage further producer exploration and development. A reduction in exploration and development activities or the curtailment of production (whether due to regulatory requirements, market constraints or voluntarily by producers) could result in declines in throughput at gas plants, pipelines, terminals and NGL processing facilities.

The rate and timing of production from proven natural gas reserves tied-in to the gas plants are at the discretion of the producers and are subject to regulatory constraints. The producers have no obligation to produce natural gas from these lands. Producers may suspend their drilling programs or shut in production as a result of lower product prices or higher production costs. Where possible, Tidewater attempts to negotiate area dedications or take-or-pay arrangements with producers or negotiate drilling commitments.

Tidewater's natural gas and NGL midstream infrastructure business is connected to various third party pipeline systems. Operational disruptions or apportionment on those third party systems may prevent the full utilization of the business.

There is also risk associated with Tidewater's customers being able to perform their contracted obligations. For example, customers may not comply with their contracted obligations (counterparty risk) or may not deliver volumes consistent with their production profile (volume risk), all of which could adversely affect Tidewater's financial results, including the returns on capital investments.

Over the long term, business will depend, in part, on the level of demand for NGLs and natural gas in the geographic areas in which deliveries are made by pipelines and the ability and willingness of shippers having access or rights to utilize the pipelines to supply such demand. Tidewater cannot predict the impact of future economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel economy and energy generation devices, all of which could reduce the demand for natural gas and NGLs.

Construction Project Timing and Cost

Many projects of the Corporation are currently under development and the successful completion of several projects is dependent on a number of factors that are outside the Corporation's control. The timing of completion and capital costs may change depending on many factors including supply, demand, inflation, labour, materials and equipment availability, contractor non-performance, weather conditions, cost of engineering services, and other factors that are out of the Corporation's control. As these projects are undertaken, required approvals may not be obtained, may be delayed or may be obtained with conditions that materially alter the expected return associated with the underlying projects. Moreover, the Corporation may incur financing costs during the planning and construction phases of its growth projects.

Generally, the cash flows the Corporation expects these projects to generate will not materialize until after the projects are completed. In addition, construction delays or increased costs associated with capital projects could reduce project returns or prevent the Corporation from meeting its contractual "in service" commitments. Further, these projects may be completed behind schedule or in excess of budgeted cost. For example, the Corporation must compete with other companies for the materials and construction services required to complete these projects, and competition for these materials or services could result in significant delays and/or cost overruns. As a result, the cost estimates and completion dates for the Corporation's major projects can change at different stages of the project. Accordingly, actual costs can vary from these estimates and these differences can be significant. Significant cost overruns may adversely affect the economics of particular projects, as well as the Corporation's business operations and financial results. Further, there is a risk that maintenance will be required more often than currently planned or that significant maintenance capital projects could arise that were not previously anticipated.

The Corporation tries to mitigate some of these risks through its implementation of a project delivery system, increasing its focus on validating cost estimating, evaluating its contracting strategies and contractor selection processes, project controls and developing enhancements to its procurement processes. In addition, the Corporation tries to build in reasonable time frames and contingencies into its agreements and project economics.

Facilities Throughput and Utilization Rates

Some of the Corporation's facilities may operate at lower throughputs compared to their respective licensed or operating capacities. This may be due to a multitude of factors, including: declines in production; decisions by producers to delay or shut in production; actual production delivered by customers to Tidewater facilities not aligning with production profiles; operational issues or constraints in certain functional units within the facilities; operating conditions; changes in gas or NGL composition; low commodity prices; infrastructure or service bottlenecks and logistical issues; inventory or market constraints for particular commodities; and other reasons. Several of Tidewater's facilities are in areas with declining producer activity. There may also be times when facilities experience capacity constraints due to increasing throughput. In certain circumstances, the increased throughput may contribute to operating conditions that are not in line with the operational design of the facility.

The Corporation cannot predict the impact of future economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel economy and energy generation devices, all of which could reduce the demand for oil, natural gas and NGLs, thereby potentially reducing utilization rates at the Corporation's facilities.

The Corporation tries to mitigate these risks through a number of strategies, including: maintaining formal inspection, monitoring and maintenance programs for its equipment and pipelines to assist in maximizing facility availability and operational efficiency; working cooperatively with customers to provide them with comprehensive and competitive service options; pursuing business development initiatives to attract additional volumes; expanding or modifying functional units at certain plants if conditions warrant and/or there is sufficient demand; working with customers to manage inlet volumes; and pursuing projects to improve efficiencies and remove bottlenecks. There is no guarantee any of these strategies will be effective.

Use of utilization rates to estimate available raw gas processing capacity may be misleading as the ability of individual plant functional units, such as gas treating or NGL recovery, to handle additional raw gas volumes may become a limiting factor particularly if current plant operating conditions or gas composition depart significantly from original plant design operating conditions. Use of throughputs to estimate revenues may be misleading as the Corporation charges different fees for gas streams with different compositions.

Regulatory Compliance, Approvals and Interventions

The Corporation is subject to a variety of laws and regulations that require it to obtain registrations, licenses, permits, inspections and other approvals in order to operate. In particular, closing of the acquisition of a 50% interest in the Pioneer Pipeline by TransAlta Corporation (through its subsidiary, TransAlta Generation Partnership) is subject to, and will take place upon, AER approval of the transfers from Tidewater to Pioneer Pipeline LP of the pipeline assets (including licenses). AER approval of the transfers from Tidewater to Pioneer Pipeline LP of the Pioneer Pipeline assets (including licenses). There is no guarantee that these, or any other, approvals can be obtained on a timely basis, or at all. Delays in processing applications may impact the schedule for capital projects. In some instances, regulatory delays, whether as a result of actions by a regulator or intervention by third parties, may result in project delays, project economics becoming less favourable or, in some cases, projects not proceeding at all. The cost to comply with regulatory requirements can be significant. As well, proposed changes to federal and provincial environmental laws may adversely affect the ability of Tidewater and others to advance projects which could adversely affect Tidewater's growth opportunities. Regulatory uncertainty makes it challenging for industry, including Tidewater, to make investment decisions and forecast compliance obligations (including costs) which compounds the challenges with the investment climate and industry activity in the WCSB. (See "*Risk Factors – Operational Risks Changes in Laws*").

Pipelines and facilities can be subject to common carrier and common processor applications and to rate setting by regulatory authorities in the event that agreement on fees or tariffs cannot be reached with producers. To the extent that producers believe processing fees or tariffs respecting pipelines and facilities are too high, they may seek rate relief through regulatory means. The Corporation tries to reduce the likelihood of regulatory intervention by taking industry standards and guidelines into account and by working proactively with various stakeholders and its customers. Rates and tariffs for the Corporation's pipelines and facilities are generally established to recover capital costs and earn a reasonable rate of return on investment. To date, no pipeline or facility operated by the Corporation has ever been declared to be a common carrier or a common processor. Nevertheless, there is no guarantee that the Corporation will be able to avoid challenges to its rates and tariffs. Further, the Corporation may also be adversely affected by regulatory action taken with respect to third party systems and infrastructure (See "*Risk Factors – Operational Risks – Reliance on Other Facilities and Third Party Services*").

Operational Hazards

The Corporation's operations are subject to common hazards of the natural gas (sweet and sour), NGL and crude oil handling business. The operation of Tidewater's natural gas and NGL midstream infrastructure business could be disrupted by natural disasters or other events beyond the control of Tidewater. A casualty occurrence could result in the loss of equipment or life, as well as injury and property damage.

The Corporation also transports volumes of hydrocarbons by rail which may be more prone to accidents and mishaps than pipeline transportation of hydrocarbons. The operation of the Corporation's assets involves many risks, including the breakdown or failure of equipment, information systems or processes, the performance of equipment at levels below those originally intended (whether due to declining throughput, misuse, unexpected degradation or design, construction or manufacturing defects), failure to maintain an adequate inventory of supplies or spare parts, operator error, labour disputes, disputes with owners of interconnected facilities and carriers, releases of harmful substances into the environment, spills associated with the loading and unloading of harmful substances onto rail cars and trucks, and catastrophic events such as natural disasters, fires, explosions, derailments, fractures, well blowouts, acts of terrorists and saboteurs, and other similar events, many of which are beyond the control of the Corporation. The occurrence or continuance of any of these events could increase the cost of operating the Corporation's facilities and/or reduce its processing or throughput capacity, or result in damages, claims or fines, all of which could adversely affect the Corporation's operations and financial performance.

Operating and Capital Costs

Operating and capital costs of Tidewater's natural gas, NGL and crude oil midstream infrastructure business may vary considerably from current and forecast values and rates and represent significant components of the cost of providing service. In general, as equipment ages, maintenance capital expenditures and maintenance expenses with respect to such equipment may increase over time. Dividends may be reduced if significant increases in operating or capital costs are incurred.

Although operating costs are to be recaptured through the tariffs charged on natural gas volumes processed and oil and NGLs transported, respectively, to the extent such charges escalate, producers may seek lower cost alternatives or stop production of their natural gas.

In order to produce NGL, the producing facility must purchase natural gas, referred to as shrinkage gas, to compensate the owner of the natural gas or offgas that is processed for the energy removed from the gas stream when NGL are removed through the extraction process. The cost of the shrinkage gas, which is the largest cost component in the production of NGL, is typically tied to a benchmark natural gas price based on a combination of daily spot prices and monthly index natural gas prices.

Reliance on Principal Customers, Operators and Suppliers

Tidewater relies on several significant customers to purchase product from the natural gas, NGL and crude oil midstream infrastructure business. The Corporation is also a party to various joint operating, processing and other agreements in conjunction with its natural gas processing activities. If for any reason such parties were unable to perform their obligations under the various agreements with Tidewater, the revenue and dividends of Tidewater, and the operations of the natural gas, NGL and crude oil midstream infrastructure business could be negatively impacted.

The Corporation enters into many contracts with its customers and suppliers which are often for a defined term or are subject to early termination upon notice. The Corporation also relies on agreements with key customers to underpin capital projects. There is no guarantee that any of the contracts that the Corporation currently has in place will be renewed at the end of their term or replaced with other contracts in the event of early termination. Further, there is a risk that customers or suppliers will be unable to perform their obligations under the contracts. Customers may also seek relief from their contractual obligations or seek to restructure their contractual arrangements. If any of these circumstances were to arise, the revenue generated by the Corporation could be reduced or capital projects could be suspended. In either case, the Corporation's financial results and the distributable cash flow available to pay dividends to Shareholders could be adversely affected. In a low commodity price environment, counterparty risk becomes more significant.

In an effort to minimize the risk of reliance on any single customer or supplier, the Corporation continues to diversify its customer and supplier base and actively continues to explore relationships with existing and potential new customers and suppliers. The Corporation also tries to provide efficient, reliable services and to build on its relationships with producers and others as a way of encouraging existing customers to renew contracts and to attract new customers and suppliers. In spite of these efforts, there is no guarantee that the Corporation will be able to renew or replace existing contracts or enter into new contracts or that existing contracts will generate the expected benefits. The Corporation may also be able to partially mitigate potential losses in some circumstances through the use of business interruption insurance; however, such insurance coverage may not be sufficient to compensate for all such losses or damages (See "*Risk Factors – Financial Risks – Adequacy of Insurance*").

Reliance on Other Facilities and Third Party Services

The Corporation's facilities are connected to various third party pipeline systems. These connections are important to the Corporation and its customers as they provide critical transportation routes. In particular, the Corporation's natural gas, NGL and crude oil midstream infrastructure business also relies on connections to other third party infrastructure, including various pipelines and rail facilities. Risks may be created as a result of lack of alignment between the third party facilities and the Corporation's facilities. For example, there may be differences in pressures, specifications or capacities which affect operations. As well, there may be issues with respect to scheduling and service delivery by third parties that affect the Corporation's operations, such as the scheduling and availability of timely and reliable rail service by the railway companies on which the Corporation relies at its rail terminals. As well, operational disruptions, apportionment, regulatory action and other events on third party systems and infrastructure may prevent the full utilization of the Corporation's facilities, require the Corporation to spend additional capital, or otherwise hamper the Corporation's business activities.

Tidewater is also impacted by the development or lack of development of pipeline infrastructure providing product egress from the WCSB. Without incremental project egress options, it is possible the pricing differentials and supply/demand dynamics will continue to disadvantage the WCSB which may have an adverse effect on Tidewater's business.

The Corporation is unable to control operations or events in third party facilities making the mitigation of these risks challenging. However, generally speaking, the owners of these facilities have significant financial resources, competent personnel, formal security programs, and well developed operating practices and inspection and maintenance programs. The Corporation is also unable to control regulatory actions that may be taken with respect to third party facilities. Depending on the nature of the regulatory action taken, the Corporation's commercial operations and business arrangements could be adversely affected (See "*Risk Factors – Operational Risks – Regulatory Compliance, Approvals and Interventions*").

Possible Failure to Realize Anticipated Benefits of Recently Completed Acquisitions

Tidewater has recently completed several acquisitions to achieve a variety of benefits, including geographically diversifying its pipeline and midstream infrastructure, gaining access to new and prolific resource plays and augmenting its fee-for-service cash flow stream. Achieving the benefits of such acquisitions depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Tidewater's ability to realize the anticipated growth and development opportunities from the assets underlying such acquisitions. Acquisitions involve a number of other risks that may adversely affect Tidewater's ability to achieve the anticipated benefits of such acquisitions, including: diversion of management's attention; disruption to the Corporation's ongoing business; failure to retain key acquired personnel; difficulties in integrating acquired operations or personnel; unanticipated expenses, events or circumstances; and the assumption of disclosed and undisclosed liabilities. In addition, the Corporation has acquired and may acquire certain minor upstream assets pursuant to acquisitions, which may involve risks normally associated with upstream assets, including, but not limited to, environmental damage and hazards, blow outs and changes in geologic formations.

Risks Arising from Co-ownership

Many of the Corporation's facilities are jointly owned with third parties. Approvals must be obtained from such joint owners for proposals to make capital expenditures regarding such facilities. These approvals typically require that a capital expenditure proposal be approved by at least two or three owners holding a specified percentage of the ownership interests in the relevant facility, usually ranging between 50% and 70%. It may not be possible for the Corporation to obtain the required levels of approval from co-owners of facilities for future proposals for capital expenditures, which may adversely affect the Corporation's ability to expand or improve its existing facilities. In addition, agreements for joint ownership often contain restrictions on transferring an interest in a facility. The most frequent restriction is a right of first refusal which requires a transferor who is proposing to transfer an interest, to offer such interest on the same commercial terms to the other holders of interests in the facility prior to completing the transfer. Such provisions may restrict the Corporation's ability to transfer its interests in facilities or to acquire a joint venture owner's interests in facilities, and may also restrict the Corporation's ability to maximize the value of a sale of its interest.

The Corporation has been increasing its ownership interests at many of its existing gas plants over the years, in many cases becoming the sole owner, in order to mitigate some of the risks arising from co-ownership. However, many of the Corporation's current capital projects and business initiatives are joint ventures, and in several of these projects the Corporation was not appointed or will not be appointed the operator.

As part of the Corporation's effort to minimize the risks associated with co-ownership, the Corporation maintains communication with its co-owners through its participation in operating committees (where possible) and formal decision-making processes such as mail ballots and expenditure approvals. The Corporation also utilizes its knowledge of industry activity and relationships with other owners to mitigate the risk of uncooperative behaviour. However, there is no guarantee that the Corporation will be able to execute its preferred business or operational strategy at facilities which are jointly owned.

In addition, some of the Corporation's facilities are operated by third parties and, therefore, to the extent a third party operator fails to perform its functions efficiently or becomes insolvent, the Corporation's business and operations may be adversely affected. Efforts to mitigate this risk by contracting with competent operators and negotiating appropriate allocation of risk in its contracts may not be effective.

Natural Gas and NGL Composition

Each of the Corporation's gas plants is designed to process raw natural gas feedstock within a certain range of composition specifications. The gas plants may require modification to operate efficiently if the composition of the raw gas being processed changes significantly. The configuration of each of the Corporation's gas plants may not be optimal for efficient operation in the future if a change in inlet gas composition is outside a plant's acceptable range of composition specifications.

The Corporation monitors plant throughput, gas composition, third party system performance and industry development activity in the capture areas surrounding its facilities on an ongoing basis. This information is used to assist with ongoing operational decisions, bringing on new production and new customers, evaluating expansion opportunities and assessing opportunities to modify or add new services to accept the inlet gas in the capture areas surrounding its facilities.

The Corporation's NGL facilities are also exposed to risks associated with feedstock composition. If the NGLs handled at these facilities differ in composition or specification from the design of the facilities, there may be operational challenges and additional maintenance activities may be necessary.

Competition

Tidewater's natural gas, NGL and crude oil midstream infrastructure business is subject to competition from other gas processing plants which are either in the general vicinity of the gas plants or have gathering systems that are or could potentially extend into areas served by the gas plants. The pipelines and storage, terminalling and processing facilities are also subject to competition from other pipelines and storage, terminalling and processing facilities in the areas they serve, and the gas products marketing business is subject to competition from other marketing firms.

Producers in Western Canada compete with producers in other regions to supply natural gas and gas products to customers in North America and the natural gas and gas products industry also competes with other industries to supply the fuel, feedstock and other needs of consumers. Such competition may have an adverse effect on the production of natural gas and gas products in Western Canada and, as a result, on the demand for Tidewater's services.

Overall, competition for business opportunities has continued to be aggressive. This competitive dynamic, may place downward pressure on expected returns when seeking to negotiate new projects and opportunities or force Tidewater to reduce its fees (and associated) returns in order to retain customers.

The Corporation tries to mitigate these risks by working cooperatively with its existing customers, monitoring industry activity and the activities of its competitors in key markets and being proactive in identifying opportunities in existing and emerging markets. In some circumstances, the capital investment necessary to construct new competitive infrastructure may discourage some potential new competitors from constructing new facilities. While the Corporation feels it is well positioned to compete with its peers, the aggressive action by competitors, changes in law, declines in production and a stronger shift in the market place to non-hydrocarbon based renewable energy sources could all adversely affect the Corporation's competitive position.

Environmental and Public Safety Considerations

The Corporation's activities are regulated by federal, provincial, and municipal environmental legislation. This legislation imposes, among other things, restrictions, liabilities and obligations in connection with the handling, use, storage, transportation, treatment and disposal of hazardous substances and waste, and in connection with spills, releases and emissions of various substances into the environment. Environmental risks from the Corporation's operating facilities typically include: air emissions, such as sulphur dioxide, nitrogen oxides, particulate matter and greenhouse gases; potential impacts on land, including land reclamation or restoration following construction; the use, storage or release of chemicals or hydrocarbons; the generation, handling and disposal of wastes and hazardous wastes; and water impacts. Environmental controls including physical design, programs, procedures and processes are in place to assist in managing these risks.

Environmental legislation also requires that facilities, pipelines and other properties associated with the Corporation's operations be operated, maintained, abandoned and reclaimed to comply with changing regulations and standards to the satisfaction of applicable regulatory authorities. Many of the Corporation's facilities are subject to licensing requirements imposed by the Alberta Environment and Parks and/or the AER. These licenses must be renewed from time to time and there is no guarantee that the licenses will be renewed on the same or similar conditions or at all. In addition, certain types of activities may require the submission and approval of environmental impact assessments or permit applications.

Provincial and federal governments may also take steps to impose stricter regulations and emission limits on greenhouse gas or other emissions in the near term. If it is determined that emissions exceed permitted limits, regulatory requirements will be triggered that require action to be taken to reduce emission levels to acceptable levels, unless an extension or relaxation is granted. There can be no assurance that any extension of time to achieve compliance would be granted and immediate compliance may not be possible and failure to comply with current or future regulations could have a material adverse effect on the Corporation's business and financial results. Overall, there is some uncertainty surrounding the impact of environmental laws and regulations on the Corporation's operations, and it is difficult to predict how these laws and regulations may evolve. At this time, the Corporation does not anticipate that it will be affected in a manner materially different than any other comparable midstream business, but it will continue to monitor developments and assess the potential implications.

Given the nature of sour gas, certain public safety and environmental risks are inherent in the handling and gas sweetening processes at the Corporation's facilities. Major equipment failure, a release of toxic substances or a pipeline rupture (including as a result of third party contact or impact to the pipeline) could result in damage to the environment and the Corporation's oil and gas infrastructure, death or injury and substantial costs and liabilities to third parties and the Corporation. Further, if, at any time, appropriate regulatory authorities deem any one of the pipelines or facilities unsafe, they may order it to be shut down.

Abandonment and Decommissioning

Tidewater will be responsible for compliance with all laws and regulations regarding abandonment and decommissioning of Tidewater's natural gas, NGL and crude oil midstream infrastructure business at the end of their economic life, which abandonment costs may be substantial. A breach of such legislation and/or regulations may result in the imposition of fines and penalties, including an order for cessation of operations at the site until satisfactory remedies are made. It is not possible to estimate reliably the abandonment and reclamation costs since they will be a function of regulatory requirements at the time and the value of the salvaged equipment may be more or less than the abandonment and reclamation costs. In the future, the Corporation may determine it prudent or be required by applicable laws or regulations to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs. See also "*Other Information Relating to Tidewater's Business – Decommissioning, Abandonment and Reclamation Costs*".

Transportation of Dangerous Goods

The Corporation's operations include rail loading, offloading and terminalling facilities used to transport various petroleum products. These petroleum products are considered dangerous goods under TDG laws. The volume of product shipped and the number of rail cars loaded at the Corporation's facilities has continued to increase over the years. When the Corporation loads petroleum products, it may be considered the consignor, in which case it has specific responsibilities under the TDG laws, including the responsibility to ensure that the product is properly classified, the shipment is properly labelled and the product is loaded in an appropriate tank. The Corporation also owns and operates rail infrastructure and must comply with applicable laws (including TDG laws) relating to the maintenance and inspection of these facilities.

Tidewater may face liability for personal injuries, damage to property, lost product in the event of an incident involving rail cars or trucks loaded by Tidewater, where Tidewater is the consignor or importer of the product, where Tidewater owns the product that is involved in an incident, or where an incident occurs on Tidewater's proprietary rail infrastructure. As well, under various environmental statutes in both Canada and the U.S., Tidewater could be held responsible for environmental damage caused by hydrocarbons loaded at its facilities or being carried on its leased rail cars. In the event that Tidewater is ultimately held liable for any damages resulting from its activities relating to

TDG, for which insurance is not available, or increased costs or obligations are imposed on Tidewater as a result of new regulations, Tidewater's business, operations and financial performance could be adversely affected.

In addition, the Corporation may be exposed to regulatory action in the event that it fails to comply with TDG laws. See also "*Other Information Relating to Tidewater's Business – Transportation of Dangerous Goods*".

The Corporation regularly assesses the risks associated with the transportation of dangerous goods. The risk mitigation measures that the Corporation employs include, among other things: training programs for operational and logistics staff; adoption of general and site-specific procedures for loading/unloading, infrastructure maintenance, testing and product classification; leasing rail cars that comply with current regulatory requirements; engaging with industry associations and regulatory agencies; periodically auditing operations and logistics practices; reviewing insurance requirements and securing appropriate coverage; hiring specialists as appropriate to assist. There is no guarantee that these mitigation measures will be effective.

Change in Laws

The oil and natural gas industry, including the midstream industry, is subject to regulation and intervention by governments in such matters as environmental protection, exploration and development activities, the licensing, operation and expansion of wells and facilities, and the abandonment of facilities. There is no guarantee that laws and administrative policies relating to the oil and natural gas industry, including the midstream industry, will not be changed in a manner which could adversely affect the Corporation or the Shareholders. In addition to being affected by changes aimed directly at midstream facilities, the Corporation could also be adversely affected by changes in regulations or policies directed at upstream activities, such as land sales, exploration and development in the capture areas surrounding the Corporation's facilities, as well as changes directed at downstream activities, including retail and consumer uses. In addition, the Corporation could be adversely affected by the imposition of additional emission limits for greenhouse gases in Canada or the U.S.

Proposed changes to federal environmental assessment requirements have raised a number of concerns for the oil and gas industry and created uncertainty for project proponents. If these changes are passed into law, the ability to secure approvals for projects may be adversely affected. This could affect Tidewater directly if any of its potential future projects become subject to the new environmental assessment requirements, as well as indirectly if the proposed new laws become a deterrent to the development of oil and gas in Canada. Overall regulatory uncertainty and ongoing regulatory change in Canada contributes to an uncertain investment climate, which has implications for industry activity levels, investor perceptions, and the ability to accurately forecast future costs and obligations. (See "*Risk Factors – Operational Risks – Regulatory Compliance, Approvals and Interventions*").

While the *United States-Mexico-Canada Agreement* between Canada, the U.S. and Mexico has been signed by Canada, the U.S. and Mexico, it has yet to be ratified by all the respective countries. This continued uncertainty has the potential to significantly change the trade rules between Canada, the U.S, and Mexico. Changes that limit access to U.S. markets or preferentially favour U.S. industries could have an adverse effect on the Canadian energy industry, including Tidewater. Sanctions laws, which restrict the counterparties with whom Tidewater can deal, have also continued to change and require diligence to ensure compliance. Because both businesses in which our counterparties engage and sanction lists can change with little notice, compliance can be challenging. Failure to comply may result in fines and penalties, and could also result in a breach of material contracts. To mitigate this risk Tidewater has adopted processed to screen its counterparties to confirm compliance and seeks appropriate representations from its counterparties as circumstances require.

In the event of legislative or regulatory changes, the Corporation's ability to conduct business may be adversely affected, which could thereby have a negative effect on distributable cash flow and the dividends it provides to the Shareholders.

With the evolving political dynamics in the U.S., including increasing protectionist sentiment, the reopening of trade agreements, and efforts to reduce regulation in many U.S. industries, the competitive position of Tidewater and the Canadian energy industry overall may become increasingly uncertain and challenging in relation to the U.S.

First Nations Consultation and Claims

Some of the Corporation's facilities are located near reserve lands or other lands that have been traditionally used by aboriginal peoples. Aboriginal peoples have claimed aboriginal title and rights to a substantial portion of lands in Western Canada.

The interpretation of aboriginal and treaty rights is evolutionary and government policy (including the requirements that are imposed on industry) continues to change. In many circumstances in Alberta, aboriginal people are entitled to be consulted prior to resource development on Crown lands. The consultation processes and expectations of parties involved can vary considerably from project to project (and from first nation to first nation), which can contribute to process uncertainty, increased costs, delay in receiving required approvals, and potentially, an inability to secure the required approvals for some projects.

Further, the successful assertion of aboriginal title or other claims could have a significant adverse effect on natural gas production or oil sands development in Alberta, which in turn could have a material adverse effect on the Corporation's business and operations, including the volume of natural gas and NGLs handled through the Corporation's facilities. Additionally, some types of claims may affect or limit the Corporation's ability to secure locations for capital projects.

To help mitigate these risks, the Corporation monitors developments that may affect activities around its facilities and changes in government policy. When appropriate, the Corporation works, directly or indirectly, with aboriginal communities that have reserves or traditional lands where its facilities are located, or that may be affected by the Corporation's ongoing operations and for construction or expansion projects.

Information Technology Systems and Security

The Corporation utilizes a number of information technology systems for the management of its business and the operation of its facilities. The reliability and security of these systems is critical. If the functionality of these systems is interrupted or fails and cannot be restored quickly, or if the technologies are no longer supported, the Corporation's ability to operate its facilities and conduct its business could be compromised. Further, although the technology systems the Corporation utilizes are intended to be secure, there is a risk that an unauthorized third party could access the systems. Such a security breach could lead to a number of adverse consequences, including but not limited to, the unavailability, disruption or loss of key functionalities within the Corporation's control systems and the unauthorized disclosure, modification, corruption or loss of sensitive company information, including trade secrets and confidential business information, customer or personal information. The loss or misuse of this information could cause business disruptions, reputational damage, extensive personal injury and third party claims which could negatively impact Tidewater's operations and financial performance. The Corporation attempts to prevent such breaches through the implementation of various technology security measures, segregation of control systems from its general business network, engaging skilled consultants and employees to manage the Corporation's technology applications, conducting periodic audits and adopting policies and procedures as appropriate. There is no guarantee that these measures will be effective.

Weather Conditions

Weather conditions can affect the demand for and price of natural gas and NGLs. As a result, changes in weather patterns can affect throughput as well as the Corporation's NGL marketing activities. For example, colder winter temperatures generally increase demand for natural gas and NGLs used for heating, which tends to result in increased throughput volumes at facilities and higher prices in the marketing business. In its facilities and NGL business, the Corporation tries to position itself to be able to handle increased volumes of throughput and storage at its facilities to meet changes in seasonal demand; however, at any given time, facility and storage capacity is finite. Weather may also affect the operations and projects of the Corporation's customers and suppliers, thereby influencing the services and products the Corporation provides and/or receives.

Weather conditions, including extreme heat and extreme cold, can pose safety concerns for workers and can affect the performance and operation of the Corporation's facilities. Weather conditions may also influence the Corporation's ability to complete capital projects or facility turnarounds on time, potentially resulting in delays, increasing costs of such capital projects and turnarounds, and in some cases, may result in the Corporation being unable to meet its contractual "in service" dates.

Employees and Contractors

A skilled workforce is important to the ongoing success of the Corporation. If the Corporation is unable to attract and retain skilled employees and contractors in variable employment markets, the Corporation's business and operations could be adversely affected. Further, the cost of retaining employees and hiring contractors in some locations can place inflationary pressure on the Corporation's costs.

Given the demand for many of these skilled individuals, the Corporation devotes a significant amount of resources and planning to the recruitment, retention, and training of its employees and contractors to secure the required level of staffing and skills necessary to support its businesses and projects. As a result, the Corporation maintains a relatively good relationship with its employees and tries to cultivate a work environment in which employees have internal growth opportunities. The Corporation also tries to cultivate good relationships with dependable contractors in order to try to benefit from reliability and continuity of service. Nevertheless, if the Corporation is not able to attract skilled employees and contractors, its ability to execute its business plans may be impaired.

Labour Relations

The BRC gas plant is subject to a collective agreement. Approximately 49 employees employed by Tidewater at the BRC are represented by Unifor Local 431. The collective agreement for employees at the BRC expires on April 30, 2019. Labour disruptions could restrict the ability of the BRC gas plant to process natural gas and pipeline operations to operate and, therefore, affect the Corporation's financial results. The Corporation will attempt to enter into union negotiations on a timely basis in light of the length of the collective agreement. However, the Corporation cannot guarantee that it will be able to successfully negotiate the collective agreement prior to its expiration. Any work stoppages or unbudgeted or unexpected increases in compensation could have a material adverse effect on the Corporation's profitability. See "*Business of Tidewater – Employees and Labour Relations*".

Conflicts of Interest

There are potential conflicts of interest to which some of the directors and officers of Tidewater will be subject in connection with the operations of Tidewater. Some of the directors and officers are engaged and will continue to be engaged in the midstream infrastructure business on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with Tidewater. Conflicts of interest, if any, which arise will be subject to and be governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with Tidewater, to disclose his interest and to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Reputational Risk

The Corporation believes its reputation as a reliable and responsible midstream energy services provider with a track record of creating shareholder value, is one of its most valuable assets. Maintaining a positive reputation in the eyes of its customers, regulators, communities and the general public is an important aspect of the implementation of the Corporation's business strategy. The Corporation's reputation may be adversely impacted by the actions and activities it undertakes, as well as the activities of its employees. In addition, the Corporation's reputation could be affected by the actions and activities of other companies operating in the energy industry and by general public perceptions of the energy industry, over which the Corporation has no control. For example, negative publicity related to pipeline incidents, unpopular expansion plans or new projects, as well as opposition from organizations opposed to oil and gas, oil sands or pipeline development, all have the potential to affect the perception of the Corporation by its stakeholders. The increasing debate and focus on climate change has contributed to increasing negative public sentiment toward the hydrocarbon-based energy sector and higher levels of scrutiny with respect to emissions and overall environmental performance. If the Corporation's reputation is diminished, it could result in, among other things: loss of customers; revenue loss; delays in obtaining regulatory approvals with respect to growth projects; increased operating, capital, financing or regulatory costs; lower shareholder confidence; or loss of its social license to operate.

Expansion of Operations

The Corporation's operations and expertise are currently focused primarily on midstream oil and gas activities; however, in the future it is possible that the Corporation could engage in other activities. Expansion of the Corporation's business into new areas may present new risks or significantly increase the exposure to one or more of the existing risks, any of which may adversely affect the Corporation's future operational and financial conditions. To help mitigate this risk, expansion opportunities, whether within the Corporation's core activities or into new activities, are carefully evaluated. The Corporation reviews the criteria it uses to evaluate expansion opportunities based on its assessment of the business environment and fit with the Corporation's business strategy. As appropriate, the Corporation evaluates the need for additional insurance that may be required to address the risk profile associated with any new businesses or expansion of operations.

Exploration and Development of Upstream Assets

The Corporation has acquired certain minor upstream assets in connection with its recently completed acquisitions and may acquire other upstream assets in connection with future acquisitions. Although the Corporation does not plan at this time to expand its operations to include the exploration and development of such assets, in the event the Corporation does engage in such activities, it will involve the risks normally associated with the exploration, development and operation of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, potential environmental damage, blow-outs, cratering, fires and spills, all of which could result in personal injuries, loss of life and damage to property of Tidewater and others. In accordance with customary industry practice Tidewater does maintain insurance coverage, but is not fully insured against all risks, nor are all such risks insurable.

In addition, oil and natural gas exploration is a high-risk venture with uncertain prospects for success and for which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures made on future exploration or development activities by Tidewater, if applicable, will result in discoveries of oil or natural gas that are commercially or economically possible. It is difficult to project the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as overpressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. Even if commercial quantities of petroleum or natural gas are discovered, there is no assurance that production therefrom or development thereof will occur or be profitable. Natural resource prices fluctuate widely and are affected by numerous factors such as inflation, interest rates, demand, transportation constraints, global or regional political and economic crisis and production costs in major producing regions. The aggregate effect of these factors, all of which are beyond Tidewater's control, is impossible to predict. No assurance can be given that commercial accumulations of oil and natural gas will be discovered as a result of the efforts of Tidewater and prospective investors must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of the management of Tidewater in event the Corporation elects to engage in the exploration and development of any of its upstream assets.

Dependence on Key Personnel

The success of Tidewater has been largely dependent on the skills and expertise of its key personnel to manage the overall business and achieve positive margins. The continued success of Tidewater will be dependent on its ability to retain such personnel. Costs associated with retaining key personnel could adversely affect Tidewater's business operations and financial results. Tidewater tries to mitigate the risk of losing key personnel for economic reasons by obtaining expert advice with respect to compensation matters (including salary as well as long and short term incentive plans). Tidewater also participates in industry compensation surveys in order to measure its compensation package against prevailing market rates. Tidewater also places significant emphasis on employee engagement, leadership training, succession planning, and maintaining a positive corporate culture.

Financial Risks

Market Price

The trading price of the Common Shares has been and may continue to be subject to significant fluctuations, which may be based on factors unrelated to the Corporation's financial performance or prospects. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares may also be significantly affected by changes in commodity prices, currency exchange fluctuation or in the Corporation's financial condition or results of operations. Other factors unrelated to the performance of the Corporation that may have an effect on the price of the securities of the Corporation include the following: the extent of analytical coverage available to investors concerning the business of the Corporation may be limited if investment banks with research capabilities do not follow the Corporation's securities; lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of securities of the Corporation; and investors' confidence in the WCSB, and the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's securities. If an active market for the securities of the Corporation does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Corporation may decline.

Future Sales or Issuances of Securities

The Corporation may sell Common Shares or other securities in subsequent offerings. The Corporation may also issue additional securities to finance future activities. The Corporation cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares. Sales or issuances of substantial number of Common Shares, or the perception that such sales could occur, may adversely affect the prevailing market price of the Common Shares. With any additional sale or issuance of Common Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per share.

Market Risk and Marketing Activities

The Corporation enters into contracts to purchase and sell natural gas, NGLs and crude oil. Most of these contracts are priced at floating market prices. These activities expose the Corporation to market risks resulting from movements in commodity prices between the time volumes are purchased and the time they are sold, from fluctuations in the margins between purchase prices and sales prices, balancing product purchases and sales contracts, and, in some cases, may also expose the Corporation to currency exchange risk. Two significant elements of these contracts include:

(a) *Product Price* – The prices of the products that are marketed by the Corporation are subject to fluctuations resulting from seasonal demand changes, changes in natural gas, NGL and crude oil markets, and other factors. These exposures could result in variability in the operating income generated by the marketing business unit and the Corporation's distributable cash flow.

(b) *Volume* – The Corporation purchases from producers and other customers a substantial volume of NGLs for resale to third parties, including other marketers and end-users. In many circumstances, particularly in the marketing business, purchase and sale contracts are not perfectly matched as they are entered into at different times, locations and values. A producer or supplier could fail to deliver contracted volumes or could deliver in excess of contracted volumes, or a purchaser could purchase less than contracted volumes. Any of these actions could cause the Corporation's purchases and sales to be unbalanced. While the Corporation attempts to balance its purchases and sales, if its purchases and sales are unbalanced, the Corporation will face increased exposure to commodity price risks and could have increased volatility in its net income and cash flow from operating activities.

Operating, Capital and General and Administrative Costs

Operating and capital costs associated with the Corporation's facilities represent significant components of the cost of providing services. These costs may vary considerably from current and forecast values and rates. In general, as facilities age, costs associated with operating and maintaining such facilities may increase over time. In addition, fluctuations in the prices of electricity and fuel can cause significant fluctuations in operating costs.

Maintenance capital requirements and maintenance expenses may vary from year to year depending on such factors as the scheduling of maintenance turnarounds, operating conditions and gas composition. The costs of the Corporation's inspection, monitoring and maintenance programs have been expensed in the period they are incurred. Maintenance turnarounds, and repairs or replacements with enduring value are capitalized rather than expensed in accordance with the Corporation's capitalization policies and applicable accounting standards. Growth capital expenditures vary depending upon available opportunities and financing.

General and administrative costs may vary considerably from current and forecast values as a result of fluctuations in employment markets and the demand for trades which affect compensation that must be paid to attract and retain employees and contractors.

Financial results may be adversely affected if significant increases in operating, capital or general and administrative costs are incurred and not recovered. Although operating costs are usually recovered through the tariffs charged on processing and transportation, some processing arrangements do not permit the flow-through of operating costs. Even at facilities where flow-through arrangements are in place, to the extent the costs charged to producers escalate, they may seek lower cost alternatives or shut-in production of their natural gas.

Adequacy of Insurance

The Corporation currently maintains customary insurance of the types and amounts consistent with prudent industry practice. The Corporation may also purchase customary coverage to cover potential losses during the construction of new infrastructure. In addition, the Corporation maintains director and officer liability coverage consistent with industry practice. The Corporation is not obligated to maintain insurance if it is not available to the Corporation on commercially reasonable terms. Further, there can be no assurance that such insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates. The insurance coverage obtained with respect to the Corporation's business and facilities will be subject to limits and exclusions or limitations on coverage that are considered to be reasonable, given the cost of procuring insurance and current operating conditions. There can be no assurance that the insurance proceeds received by the Corporation in respect of a claim will be sufficient in any particular situation to satisfy the indebtedness of the Corporation or fully protect against catastrophic events or prolonged shutdowns. Losses beyond the scope of the Corporation's insurance coverage could have a material adverse effect on its business, operations and financial performance.

Environmental Compliance and Remediation Costs

The Corporation allocates funding for its environmental programs each year. However, there is the risk that unforeseen matters may arise requiring the Corporation to set aside additional funds. Compliance obligations under applicable environmental laws can result in significant costs associated with installing and maintaining pollution controls, fines and penalties resulting from any failure to comply, and potential limitations on operations. Remediation obligations can also result in significant costs associated with the investigation and remediation of contaminated properties. Compliance with environmental legislation and incident response can require significant expenditures. Activities that do not meet regulatory standards or that breach such legislation may result in the imposition of fines, penalties and suspension of operations. It is also possible that increasingly strict environmental and safety requirements could be implemented, which could result in substantial increases in the cost of compliance, including increased capital expenditures and operating expenses. There is also the risk of civil liability for environmental matters.

The Corporation also undertakes remediation projects that are identified through its liability management system as part of its ongoing efforts to manage its environmental risk. However, it is not possible for the Corporation to estimate the amount and timing of all future expenditures related to environmental matters due to various factors, including: (i) uncertainties in estimating pollution control and clean-up costs, including at sites where only preliminary site investigation or agreements have been completed; (ii) the potential discovery of new sites or additional information at existing sites; (iii) the uncertainty in quantifying liability under environmental laws that impose joint and several liability on all potentially responsible parties; (iv) the evolving nature of environmental laws and regulations, including the interpretation and enforcement thereof; and (v) the potential for litigation on existing or discontinued assets. Based on current operations and practices, the cost of complying with environmental regulations and the Corporation's exposure to civil liability for environmental matters have not had and are not expected to have a material adverse effect on its financial results; however, no assurance can be given that such costs will not adversely affect financial results in the future.

Debt Matters

The Corporation relies on debt financing for some of its business activities, including capital and operating expenditures. There are no assurances that the Corporation will be able to refinance any or all of its borrowings at their maturity. In addition, there are no assurances that the Corporation will be able to comply at all times with the covenants applicable under its current borrowings; nor are there assurances that the Corporation will be able to secure new financing that may be necessary to finance its operations and capital growth program. Any failure of the Corporation to secure refinancing, to obtain new financing or to comply with applicable covenants under its borrowings could have a material adverse effect on the Corporation's financial results, including its ability to maintain dividends to Shareholders. Further, any inability of the Corporation to obtain new financing may limit its ability to support future growth.

The Corporation believes that the existing credit facility will be sufficient for its immediate requirements and has no reason to believe that it will not be able to renew its existing credit facility or refinance on commercially reasonable terms. However, continued uncertainty in the global economic situation means the Corporation, along with other oil and gas companies, may have restricted access to capital and increased borrowing costs. The Corporation's ability to raise debt is dependent upon, among other factors, the overall state of the capital markets and investor appetite for investments in the energy industry generally and in the Corporation's securities in particular. The ability to make scheduled payments on or to refinance debt obligations depends on the financial condition and operating performance of the Corporation, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. As a result, the Corporation may be unable to maintain a level of cash flow from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness. These conditions could have an adverse effect on the industry in which the Corporation operates and its business, including future operating and financial results. There can be no assurance that the Corporation's cash flow from operating activities will be adequate for future financial obligations or that additional funds will be able to be obtained.

Overall Level of Indebtedness

From time to time, the Corporation may have a significant amount of indebtedness and the Corporation's level of indebtedness could materially and adversely affect it in a number of ways. For example, it could:

- make it more difficult for the Corporation to conduct its operations;
- increase the Corporation's vulnerability to general adverse economic and industry conditions;
- require the Corporation to dedicate a portion of its cash flow from operating activities to service payments on its indebtedness, thereby reducing the availability of the Corporation's cash flow from operating activities to fund working capital, capital expenditures and other general corporate purposes including impacting the ability of the Corporation to maintain dividends to Shareholders;
- limit the Corporation's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- place the Corporation at a competitive disadvantage compared to its competitors that have less debt; and
- limit the Corporation's ability to borrow additional funds on commercially reasonable terms, if at all, to meet its operating expenses and for other purposes.

Ability to Obtain Sufficient Funding

The Corporation's ongoing activities may not generate sufficient cash flow from operating activities of the natural gas, NGL and crude oil midstream infrastructure business. The Corporation may require additional external financing and the amount of such financing may be significant. While there are various financing options available to the Corporation, including the sale of new equity or debt or joint ventures, sale of working interests or other alternatives, the Corporation's ability to arrange such financing in the future may depend in part upon the prevailing capital market conditions, as well as the Corporation's business performance. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing on terms satisfactory to the Corporation or at all. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit interests in certain properties, miss certain acquisition opportunities and reduce or terminate operations. This may have an adverse effect on its financial position. In addition, if the Corporation obtains additional financing by the issuance of shares from treasury, control of the Corporation may change and existing Shareholders may suffer additional dilution.

From time to time the Corporation may enter into transactions to acquire assets. Such transactions may be financed partially or wholly with debt, which may temporarily increase the Corporation's debt levels above industry standards.

Credit Risk

The Corporation takes on credit risk with respect to its fee-for-service business, the purchase and sale of commodities in its marketing business, as well as other financial contracts into which it enters. In particular, the Corporation is exposed to credit-related losses in the event that counterparties to contracts become insolvent or otherwise fail to fulfill their present or future financial obligations to the Corporation. The majority of the Corporation's accounts receivable are due from entities in the oil and gas business and are subject to normal industry credit risks. With respect to counterparties for financial instruments used for economic hedging purposes, the Corporation attempts to limit its credit risk by dealing with recognized futures exchanges, or investment grade financial institutions, or by adherence to credit policies that significantly reduce overall counterparty credit risk. Management believes these measures reduce the Corporation's overall credit risk; however, there can be no assurance that these processes will protect against all losses from non-performance.

The credit worthiness assessment of a counterparty considers the available qualitative and quantitative information about the counterparty including financial status and external credit ratings. Depending on the outcome of each assessment, the Corporation, in accordance with its credit policy, may: (i) set and adjust limits on exposure to its counterparties, (ii) request collateral/security (i.e. letters of credit, guarantees or other credit enhancements), where appropriate; (iii) require customers to prepay for products or services; and (iv) use contractual arrangements that permit the netting of exposures associated with a single counterparty as well as other remedies. While the Corporation takes active steps to monitor and manage its credit risk, it is possible that credit exposure to counterparties (or any one of them), may result in the Corporation suffering losses, in which case its operations and financial results may be adversely affected.

Interest Rates

The Corporation takes on interest rate risk in association with its debt financing. Amounts paid in respect of interest on debt reduce distributable cash flow available for dividends to Shareholders. Interest rates are influenced by Canadian and global economic conditions beyond the Corporation's control. Floating rate debt obligations expose the Corporation to changes in interest payments, which could have an adverse effect on the Corporation's financial results, as variations in interest rates could result in changes in the amount required to service debt.

Currency Risk

Currency risk arises on financial instruments that are denominated in a foreign currency. The Corporation's functional currency is the Canadian dollar. However, the Corporation may be exposed to foreign currency fluctuations with respect to capital projects, as some equipment and services may be sourced or priced in U.S. dollars. The Corporation's foreign currency risk largely arises from purchasing, handling and sale of natural gas, NGLs and crude oil where sales and purchases are sometimes denominated in or based on U.S. dollars. The Corporation has adopted a risk management policy in relation to its marketing activities, including the exposure to foreign exchange risk associated with these activities.

Cash Dividends Are Not Guaranteed

Dividends are not guaranteed and will fluctuate with the performance of the Corporation and its subsidiaries. The Board has the discretion to determine the amount of dividends to be declared and paid to Shareholders each quarter. In determining the level of dividends, the Board will take into consideration numerous factors, including current and expected future levels of earnings; cash flow from operating activities; income taxes; maintenance capital; growth capital expenditures; debt repayments; working capital requirements; current and potential future environmental liabilities; the impact of interest rates and/or foreign exchange rates; crude oil, natural gas, NGL and crude oil prices; and other factors. The Corporation's short and long term borrowings prohibit the Corporation from paying dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying the dividend (See "*Risk Factors – Financial Risks – Debt Matters*").

If external sources of capital, including borrowings and the issuance of additional Common Shares, become limited or unavailable on commercially reasonable terms, the Corporation's ability to sustain its dividends and make the necessary capital investments to maintain or expand its business may be impaired. The extent to which the Corporation is required to use cash flow from operating activities to finance capital expenditures or acquisitions may reduce the distributable cash flow available to declare and pay dividends to Shareholders. Dividends may be increased, reduced, suspended or eliminated entirely depending on the Corporation's operations and the performance of its assets and businesses.

Changes in Tax Legislation

Tax laws may be amended (its interpretation may change), retroactively or prospectively, resulting in tax consequences that materially differ from those contemplated by the Corporation across the jurisdictions in which the Corporation has operations or sales which may create a risk of non-compliance and re-assessment. While the Corporation believes that its tax filing positions are appropriate and supportable, it is possible that tax authorities may: (a) amend tax legislation (or its interpretation may change), or (b) successfully challenge the Corporation's interpretation of tax legislation which may affect the Corporation's estimate of current and future income taxes affecting the financial condition, prospects, and distributable cash flow available to pay dividends to the Corporation's Shareholders.

To help mitigate this risk, the Corporation retains knowledgeable, competent employees and consultants who are responsible for preparation of tax compliance filings, Canada Revenue Agency audits, quarterly provisions and tax forecasts to aid in predicting timing and the amount of cash taxability. In addition, the Corporation engages external tax counsel and accountants who assist with the review of its tax filings and tax provisions to help the Corporation to comply with applicable legislation.

Litigation Risk

The Corporation is, in the course of their business, subject to lawsuits and other claims. Defence and settlement costs associated with such lawsuits and claims can be substantial, even with respect to lawsuits and claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have an adverse effect on the Corporation's operating results or financial performance.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On February 1, 2018, Bellatrix Exploration Ltd. ("**Bellatrix**") served an Amended Statement of Claim (Statement of Claim filed by Bellatrix on December 21, 2017) on Tidewater alleging a breach of a Gas Handling Agreement and CO&O Agreement pursuant to which Tidewater operates the BRC gas plant and processes Bellatrix gas volumes. The claim pertains to the allocation of NGLs at the plant, as well as production flow through and take-or-pay commitments. The claim is for $20.75 million plus additional damages. The action was commenced in the Court of Queen's Bench of Alberta. Tidewater subsequently filed a Statement of Defence and Counterclaim against Bellatrix seeking $9.5 million plus additional damages. The parties have each filed affidavits of record.

Other than as described above, there are no legal proceedings that the Corporation is or was a party to, or that any of the Corporation's property is or was the subject of, since January 1, 2015, that were or are material to the Corporation, and there are no such material legal proceedings that the Corporation knows to be contemplated. For the purposes of the foregoing, a legal proceeding is not considered to be "material" by the Corporation if it involves a claim for damages and the amount involved, exclusive of interest and costs, does not exceed 10% of the Corporation's current assets, provided that if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the Corporation has included the amount involved in the other proceedings in computing the percentage. See "*Risk Factors*".

No penalties or sanctions material to Tidewater have been imposed by a court or regulatory body, nor has Tidewater entered into a settlement agreement in relation to any securities legislation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described elsewhere in this AIF, to the knowledge of Tidewater, there is no material interest, direct or indirect, of: (i) any director or executive officer of the Corporation; (ii) any person or corporation that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares; or (iii) an associate or affiliate (each, as defined in the *Securities Act* (Alberta)) of any persons or companies referred to above in (i) or (ii), in any transaction within the three years before the date of this AIF that has materially affected or is reasonably expected to materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is TSX Trust Company at its principal office in Calgary, Alberta located at 10th floor, 300 – 5th Avenue SW, T2P 3C4.

MATERIAL CONTRACTS

There are no material contracts entered into by Tidewater within the most recently completed financial year, or before the most recently completed financial year but which are still in effect, other than contracts entered into in the ordinary course of business.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators by the Corporation during, or related to, the Corporation's most recently completed financial year other than Deloitte LLP.

Deloitte LLP is the Corporation's independent auditors. Deloitte LLP has advised they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.SEDAR.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Tidewater's securities and securities authorized for issuance under equity compensation plans, where applicable, will be contained in Tidewater's information circular for the next annual meeting of shareholders that involves the election of directors and additional information as provided in Tidewater's comparative financial statements for its most recently completed financial year. Tidewater will provide this information to any person, upon request made to the Chief Financial Officer of Tidewater at Suite 900, 222 - 3rd Avenue S.W., Calgary, Alberta, T2P 0B4. The documents will also be located on SEDAR at www.sedar.com.

Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2018, which are also available on SEDAR.

SCHEDULE A

AUDIT COMMITTEE CHARTER

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Tidewater Midstream and Infrastructure Ltd. (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board of Director approval, the audited financial reports and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiaries, are as follows:

(a) To assist directors to meet their responsibilities in respect of the preparation and disclosure of the financial reports of the Corporation and related matters;

(b) Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board;

(c) To ensure the external auditors' independence and review and appraise their performance;

(d) To increase the credibility and objectivity of financial reports; and

(e) To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Composition

The Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of which members will be independent (within the meaning of National Instrument 52-110 *Audit Committees* ("**NI 52-110**") unless the Board determines to rely on an exemption in NI 52-110. "Independent" generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

Unless otherwise appointed by the Committee Chair, the Secretary to the Board shall act as Secretary of the Committee.

A quorum shall be a majority of the members of the Committee.

Meetings

The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board, the Chief Financial Officer or such other officer acting in that capacity, and the external auditor.

The Chief Executive Officer and the Chief Financial Officer or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.

The Controller, Treasurer and/or such other staff as appropriate to provide information to the Committee shall attend meetings upon invitation by the Committee.

Mandate and Responsibilities

To fulfill its responsibilities and duties, the Committee shall:

(a) undertake annually a review of this mandate and make recommendations to the Corporate Governance, Compensation, Nomination, Health, Safety and Environment Committee as to proposed changes;

(b) satisfy itself on behalf of the Board with respect to the Corporation's internal control systems, including, where applicable, relating to derivative instruments:

   (i) identifying, monitoring and mitigating business risks; and

   (ii) ensuring compliance with legal and regulatory requirements;

(c) review the Corporation's financial reports, management discussion and analysis (MD&A), any annual earnings, interim earnings and press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial reports), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors; the process should include but not be limited to:

   (i) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial reports;

   (ii) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;

   (iii) reviewing accounting treatment of unusual or non-recurring transactions;

   (iv) ascertaining compliance with covenants under loan agreements;

   (v) reviewing financial reporting relating to asset retirement obligations;

   (vi) reviewing disclosure requirements for commitments and contingencies;

   (vii) reviewing adjustments raised by the external auditors, whether or not included in the financial reports;

   (viii) reviewing unresolved differences between management and the external auditors;

   (ix) obtain explanations of significant variances with comparative reporting periods; and

   (x) determine through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed;

(d) review the financial reports and related information included in prospectuses, management discussion and analysis (MD&A), information circular-proxy statements and annual information forms (AIF), prior to Board approval;

(e) with respect to the appointment of external auditors by the Board:

(i) require the external auditors to report directly to the Committee;

(ii) review annually the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Corporation;

(iii) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation and confirming their independence from the Corporation;

(iv) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;

(v) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;

(vi) review management's recommendation for the appointment of external auditors and recommend to the Board appointment of external auditors and the compensation of the external auditors;

(vii) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;

(viii) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;

(ix) take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors; and

(x) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial reports;

(f) review all public disclosure containing audited or unaudited financial information before release;

(g) review financial reporting relating to risk exposure;

(h) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial reports and periodically assess the adequacy of those procedures;

(i) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;

(j) review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial reports of the Corporation and its subsidiaries;

(k) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors and consider the impact on the independence of the auditors; The pre-approval requirement is waived with respect to the provision of non-audit services if:

(i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than 5% of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;

(ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and

(iii) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee;

provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee;

(l) review any other matters that the Audit Committee feels are important to its mandate or that the Board chooses to delegate to it;

(m) with respect to the financial reporting process:

(i) in consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external;

(ii) consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;

(iii) consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management;

(iv) review significant judgments made by management in the preparation of the financial reports and the view of the external auditors as to appropriateness of such judgments;

(v) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

(vi) review any significant disagreement among management and the external auditors regarding financial reporting;

(vii) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;

(viii) review the certification process;

(ix) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(x) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Authority

Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).

Supporting schedules and information reviewed by the Committee shall be available for examination by any director.

The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.

The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.