



TIDEWATER MIDSTREAM AND INFRASTRUCTURE LTD. ANNOUNCES FIRST QUARTER 2017 RESULTS, STRATEGIC ACQUISITION AND OPERATIONAL UPDATE

CALGARY, May 15, 2017 - Tidewater Midstream and Infrastructure Ltd. (“**Tidewater**” or the “**Corporation**”) (TSXV: TWM) is pleased to announce that it has filed its condensed interim consolidated financial statements and Management’s Discussion and Analysis (“**MD&A**”) for the three-month period ended March 31, 2017.

Highlights

- Tidewater delivered record quarterly adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) of \$14.4 million or \$0.04 per share for the first quarter of 2017 compared to \$7.3 million or \$0.04 per share for the same period in 2016. Net earnings were \$7.5 million or \$0.02 per share compared to \$5.9 million or \$0.03 per share for the same period in 2016.
- The Corporation maintained a strong payout ratio of less than 30% with distributable cash flow of approximately \$12.2 million in the first quarter of 2017 compared to \$6.7 million from the same period in 2016.
- Tidewater successfully commissioned its 10,000 bbl/d C2+ fractionation facility at the Brazeau River Complex (the “BRC”), and began producing HD2 spec propane, approximately 45 days ahead of schedule and on an industry leading time line of seven months while on-budget at approximately \$25 million. Tidewater has also commissioned, with start-up operations currently in progress, its 40 MMcf/d of additional deep cut processing capacity at the BRC ahead of schedule and on-budget at approximately \$15 million.
- Corporate throughput remained at record levels and Tidewater has commenced expansion plans at the BRC for roughly 50 MMcf/d of incremental processing capacity for approximately \$10 million of capital which is expected to be online in December 2017.
- On May 11, 2017, Tidewater closed an acquisition of a shut-in 70 MMcf/d deep cut extraction facility and 300 km of NGL pipelines directly connected to Tidewater’s existing Edmonton infrastructure for cash consideration. The assets are currently generating negative annualized EBITDA of \$3 million where Tidewater plans to reactivate the deep cut extraction plant by January 2018 for capital of approximately \$12

million and anticipates the asset will generate \$4 million of annualized EBITDA beginning in January 2018.

- Tidewater has approved capital projects of approximately \$50 million to the end of 2017. The Corporation plans to exit 2017 with run-rate Adjusted EBITDA of approximately \$70 million with net debt under 1x debt to Adjusted EBITDA on its \$180 million credit facility.
- Tidewater is focused on delivering approximately 20% EBITDA per share growth over the next twelve months and overall 2017 EBITDA remains in-line with management's expectations.

Selected financial and operating information is outlined below and should be read with Tidewater's audited consolidated financial statements and related MD&A which are available at www.sedar.com and on our website at www.tidewatermidstream.com.

Financial Overview

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

	Three months ended March 31,	
	2017	2016
Total revenues	\$ 49,631	\$ 18,338
Income for the period	\$ 7,518	\$ 5,907
Earnings per common share – basic and diluted	\$ 0.02	\$ 0.03
EBITDA ¹	\$ 12,889	\$ 9,552
Adjusted EBITDA ²	\$ 14,382	\$ 7,290
Adjusted EBITDA per common share - basic and diluted ²	\$ 0.04	\$ 0.04
Total cash and cash equivalents	\$ 7,555	\$ 21,826
Total assets	\$ 629,810	\$ 455,409
Total acquisitions	\$ 10,398	\$ 135,238
Total capital expenditures	\$ 36,464	\$ 2,860
Bank debt	\$ 25,100	\$ -
Total non-current financial liabilities	\$ 132,058	\$ 76,572
Working capital surplus	\$ 5,350	\$ 36,100
Cash flow from operating activities ³	\$ 13,133	\$ 6,692
Cash flow from operating activities per common share – basic and diluted ³	\$ 0.04	\$ 0.04
Distributable cash flow ⁴	\$ 12,150	\$ 6,692
Distributable cash flow per common share – basic and diluted ⁴	\$ 0.04	\$ 0.04
Dividends declared	\$ 3,288	\$ 2,771
Dividends declared per common share	\$ 0.01	\$ 0.01
Total common shares outstanding (000s)	328,389	276,677
Total RSUs outstanding (000s)	7,309	4,244
Total Options outstanding (000s)	5,454	3,373

Notes:

- 1 EBITDA is calculated as income or loss before finance costs, taxes, depreciation and amortization. EBITDA is not a standard measure under GAAP. See “Non-GAAP Financial Measures” beginning on page 11 of the MD&A for a reconciliation of EBITDA to its most closely related GAAP measure.
- 2 Adjusted EBITDA is calculated as EBITDA adjusted for incentive compensation, unrealized gains/losses, non-cash items, transaction costs and items that are considered non-recurring in nature. Adjusted EBITDA per common share is calculated as Adjusted EBITDA divided by the weighted average number of common shares outstanding for the three-month period ended March 31, 2017. Adjusted EBITDA and Adjusted EBITDA per common share are not standard measures under GAAP. See “Non-GAAP Financial Measures” beginning on page 11 of the MD&A for a reconciliation of Adjusted EBITDA and Adjusted EBITDA per common share to their most closely related GAAP measures.
- 3 Cash flow from operating activities is calculated as net cash used in operating activities before changes in non-cash working capital less any long term incentive plan expenses. Cash flow from operating activities per common share is calculated as cash flow from operating activities divided by the weighted average number of common shares outstanding for the three-month period ended March 31, 2017. Cash flow from operating activities and cash flow from operating activities per common share are not standard measures under GAAP. See “Non-GAAP Financial Measures” beginning on page 11 of the MD&A for a reconciliation of cash flow from operating activities and cash flow from operating activities per common share to their most closely related GAAP measures.
- 4 Distributable cash flow is calculated as net cash used in operating activities before changes in non-cash working capital and after any expenditures that use cash from operations. Distributable cash flow per common share is calculated as distributable cash flow over the weighted average number of common shares outstanding for the three-month period ended March 31, 2017. Distributable cash flow and distributable cash flow per common share are not standard measures under GAAP. See “Non-GAAP Financial Measures” beginning on page 11 of the MD&A for a reconciliation of distributable cash flow and distributable cash flow per common share to their most closely related GAAP measures.

Strategic Acquisition

Extraction Plant Acquisition

On May 11th, 2017, Tidewater closed an acquisition with an arms-length party and acquired a 100% working interest in a shut-in 70 MMcf/d deep cut extraction facility (the “Extraction Plant”), 90% operated working interest in 250 km of gas gathering pipelines and 70% operated working interest in 300 km of NGL pipelines, (collectively the “Assets”) for cash consideration. The Assets are directly connected to Tidewater’s existing Edmonton infrastructure with the Extraction Plant located approximately 130 km northwest of Edmonton with connectivity to both TCPL and Alliance pipelines. The transaction is still subject to waiver of all outstanding rights of first refusal.

The Assets are currently generating negative annualized EBITDA of approximately \$3 million where Tidewater plans to reactivate the Extraction Plant and related gathering lines by January 2018 for capital of approximately \$12 million. The Corporation anticipates the Assets will generate approximately \$4 million of annualized EBITDA beginning in January 2018.

Outlook

Corporate throughput is currently at all-time highs with some processing facilities operating at record levels through the first quarter of 2017. Drilling activity in Tidewater’s core Deep Basin area has continued to accelerate, contributing to strong first quarter 2017 results. Tidewater plans to expand the BRC by roughly 50 MMcf/d for \$10 million of capital with the incremental capacity expected to be online in December of 2017. Tidewater also continues to evaluate several egress solutions around the BRC including storage and pipeline options. The Corporation has also benefited from increased throughput at its Edmonton area assets with the reactivation of the Fort Saskatchewan Extraction Plant and continues to grow its NGL business while working

with producers to increase netback pricing. Commissioning of Tidewater's 10,000 bbl/d fractionation facility will further integrate the Corporation's value chain and help achieve its goal of offering producers better pricing.

Tidewater continues to increase its exposure to the Montney resource play development with the move into North East BC and the ongoing development of the Montney Egress Hub in the Pipestone area. Tidewater has received significant interest from Montney producers for processing, fractionation, egress and marketing solutions.

Tidewater has approved capital projects of approximately \$50 million to the end of 2017 and plans to exit 2017 with run-rate Adjusted EBITDA of approximately \$70 million with net debt under 1x debt to Adjusted EBITDA on its \$180 million credit facility. Tidewater is focused on delivering approximately 20% EBITDA per share growth over the next twelve months and overall 2017 EBITDA remains in-line with management's expectations.

Capital Program

Tidewater successfully commissioned its 10,000 bbl/d C2+ fractionation facility, and began producing HD2 spec propane, approximately 45 days ahead of schedule and on an industry leading time line of seven months while on-budget at approximately \$25 million. Tidewater has also commissioned, with start-up operations currently in progress, its 40 MMcf/d of additional deep cut processing capacity at the BRC ahead of schedule and on-budget at a capital cost of approximately \$15 million.

Tidewater commenced reservoir injections on Phase I of its Montney infrastructure/egress hub in the Pipestone area in the first quarter of 2017, which was completed on-time and on-budget. In light of the recent and continued volatility in AECO pricing as well as AECO summer and winter spreads, the Corporation continues to advance toward a final investment decision on Phase II of the project which will include connections to both Alliance and TCPL. Tidewater continues to receive interest from several investment grade counter parties to contract the available capacity on a five-year basis, which will further diversify Tidewater's customer base. It is expected the Corporation will make a final investment decision by the end of 2017.

Tidewater remains on-time and on-budget on its previously announced first half 2017 capital program and the EBITDA generated from these capital projects is expected to be in-line with the amount previously disclosed.

The Corporation continues to progress on its 50 - 100 MMcf/d sour gas plant (the "Pipestone Gas Plant") which would be backed by take or pay contracts and/or reserve dedications. Although no certainty can be provided, Tidewater is encouraged by the progress and support and expects a final investment decision in 2017. The Pipestone Gas Plant is expected to be directly connected to Tidewater's Montney infrastructure/egress hub in the Pipestone area.

Tidewater has commenced expansion plans at the BRC for roughly 50 MMcf/d of incremental processing capacity for approximately \$10 million of capital which is expected to be online in December of 2017.

Tidewater also plans to reactivate the recently acquired deep cut Extraction Plant by January 2018 for capital of approximately \$12 million and anticipates the asset will generate approximately \$4 million of annualized EBITDA beginning in January 2018.

The Corporation remains fully capitalized to execute on its incremental \$50 million of capital expenditures into the end of 2017 with debt to Adjusted EBITDA remaining under 1x into the end of the year. Tidewater continues to evaluate several capital projects which would generate returns consistent with previous projects and is fully funded to move these projects forward with its recent credit facility increase.

About Tidewater

Tidewater was incorporated under the Alberta Business Corporations Act on February 4, 2015 to pursue the purchase, sale and transportation of natural gas liquids (“NGLs”) throughout North America and export to overseas markets. Tidewater is engaged in the acquisition and development of oil and gas infrastructure, including gas plants, pipelines, NGLs by rail, export terminals and storage facilities. Tidewater continues to investigate opportunities with North American producers and mid-streamers for the acquisition and development of such infrastructure assets.

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

Advisory Regarding Forward-Looking Statements

In the interest of providing Tidewater's shareholders and potential investors with information regarding Tidewater, including management's assessment of Tidewater's future plans and operations, certain statements in this press release are “forward-looking statements” within the meaning of the United States *Private Securities Litigation Reform Act* of 1995 and “forward-looking information” within the meaning of applicable Canadian securities legislation (collectively, “forward-looking statements”). In some cases, forward-looking statements can be identified by terminology such as “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “forecast”, “intend”, “may”, “objective”, “ongoing”, “outlook”, “potential”, “project”, “plan”, “should”, “target”, “would”, “will” or similar words suggesting future outcomes, events or performance. The forward-looking statements contained in this press release speak only as of the date thereof and are expressly qualified by this cautionary statement.

Specifically, this press release contains forward-looking statements relating to but not limited to: our business strategies, plans and objectives. These forward-looking statements are based on certain key assumptions regarding, our ability to execute on our business plan, our operating activities and current industry conditions, laws and regulations continuing in effect (or, where changes are proposed, such changes being adopted as anticipated). Readers are cautioned that such assumptions, although considered reasonable by Tidewater at the time of preparation, may prove to be incorrect.

Actual results achieved will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors.

The above summary of assumptions and risks related to forward-looking statements in this press release has been provided in order to provide shareholders and potential investors with a more complete perspective on Tidewater's current and future operations and such information may not be appropriate for other purposes. There is no representation by Tidewater that actual results achieved will be the same in whole or in part as those referenced in the forward-looking statements and Tidewater does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law.

TSX Venture Exchange

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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