

## Tidewater Midstream and Infrastructure Ltd. Announces Strategic Core-Area Acquisition

**CALGARY, ALBERTA - November 16, 2016**

Tidewater Midstream and Infrastructure Ltd. ("**Tidewater**" or the "**Corporation**") (TSX VENTURE:TWM) is pleased to announce that it has entered into an acquisition agreement with an arm's length vendor (the "**Vendor**") to acquire an approximate 50% working interest in 150 km of gas gathering pipelines which are directly connected to Tidewater's existing Brazeau River Complex (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 (the "**Acquisition**") for a purchase price of \$15 million in cash. The Acquisition provides increased access to industry activity and further enhances the value of the BRC and the recently announced fractionation facility.

The Acquisition 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.

### **Acquisition Highlights**

The Acquisition consists of an approximate 50% working interest in 150 km of gas gathering pipelines which are directly connected to the BRC. Drilling activity continues to increase around the acquired pipelines and several new and existing customers have expressed interest in accessing the BRC by way of the acquired pipelines. The Acquisition also includes three proven natural gas storage reservoirs that are directly connected to the Brazeau River Complex and will offer customers an egress option and help improve natural gas pricing for Tidewater's customers. With Phase I of Tidewater's dual-connected Alliance and TransCanada infrastructure coming online in the first quarter of 2017, these storage assets are expected to deliver significant optionality. Tidewater is in discussions with a number of investment grade counterparties to contract the storage assets. The Corporation does not plan to take any commodity risk associated with the storage assets. Also included in the Acquisition are pipelines and infrastructure in the Kaybob/Windfall area which complement Tidewater's existing operated Windfall plant. As a requirement by the Vendor to sell the BRC connected infrastructure and proven natural gas reservoirs, Tidewater is also acquiring certain minor upstream assets owned by the Vendor. The upstream assets generate minimal cash flow but do contain significant mineral rights around the Brazeau River Complex which Tidewater will look to divest in exchange for volume commitments at the BRC and/or Tidewater's fractionation facility. Tidewater does not plan to hold the upstream assets for an extended period of time and plans to divest of the upstream assets over the next 24 months depending on market conditions.

Tidewater anticipates the Acquisition will generate annualized EBITDA of approximately \$3.5 million including related operational synergies. Based on an acquisition cost of \$15 million, the Acquisition represents an attractive implied valuation of less than 4.5x EBITDA. The forecasted EBITDA does not take into account any synergies from Phase I of the Alliance/TransCanada connected infrastructure which could become significant.

The Acquisition is expected to close by the end of the calendar year and is subject to standard closing conditions customary for a transaction of this nature, including the approval of the TSX Venture Exchange ("TSX-V").

Given Tidewater's pro forma net debt position of approximately \$10 million at close of the Acquisition and a \$120 million credit facility, Tidewater remains fully capitalized to fund its current capital program and execute on its previously discussed organic growth opportunities while keeping leverage within a target range of 1.0-2.0x debt / EBITDA through both the execution and commissioning of its capital program.

## **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 and natural gas liquids ("NGLs") throughout North America and export to overseas markets. Tidewater is engaged in the acquisition 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 operation of such infrastructure assets.

## **Cautionary Notes**

### *Non-GAAP Measures*

This press release refers to certain financial measures that are not determined in accordance with Canadian generally accepted accounting principles applicable to publicly traded companies ("GAAP"), also known as International Financial Reporting Standards. EBITDA is a non-GAAP measure. EBITDA is calculated as income or loss before finance costs, taxes, depreciation and amortization. Management believes that EBITDA provides useful information to investors as it provides an indication of results generated from the Corporation's operating activities prior to financing, taxation and non-recurring/non-cash impairment charges occurring outside the normal course of business. Investors should be cautioned that EBITDA should not be construed as an alternative to earnings, cash flow from operating activities or other measures of financial results determined in accordance with GAAP as an indicator of the Corporation's performance and may not be comparable to companies with similar calculations.

### *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: the Acquisition and our business strategies, plans and objectives. These forward-looking statements are based on certain key assumptions regarding, among other things: the closing of the Acquisition and our ability to execute on our business plan; the receipt, in a timely manner, of regulatory and other required approvals for the Acquisition and our operating activities; the availability and cost of labour and other industry services; the continuance of existing and, in certain circumstances, proposed tax and royalty regimes; 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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