

Tidewater Midstream and Infrastructure Ltd. Enters Into Agreement With TransAlta to Construct an Inter-Alberta Pipeline Network supported by a 15 year Take or Pay, Proposed Issuance of Senior Unsecured Notes, Escrow Close of Deep Basin and Montney Region Acquisition and Closing of Credit Facility Increase

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CALGARY, Alberta, Dec. 06, 2017 --

Agreement with TransAlta to construct Inter-Alberta Pipeline Network

Tidewater Midstream and Infrastructure Ltd. ("Tidewater") (TSX:TWM) and TransAlta Corporation ("TransAlta") (TSX:TA) (NYSE:TAC) announced today that the two companies have entered into a Letter of Intent ("LOI") for Tidewater to construct a 120 km natural gas pipeline from its Brazeau River Complex ("BRC") to TransAlta's generating units at Sundance and Keephills. The pipeline is expected to cost approximately \$150 million and is supported by a 15 year take or pay agreement with TransAlta.

The pipeline will provide initial capacity of 130 MMcf/d by 2020, and have expansion capability to 340 MMcf/d, which represents approximately 50% of TransAlta's gas requirements at full capacity of the generating units at Sundance and Keephills. Under the LOI, TransAlta has the option to invest up to 50% in the pipeline.

"Construction of the natural gas pipeline supports our strategy of being a low-cost provider of firm, clean and reliable energy", said Dawn Farrell, President and Chief Executive Officer of TransAlta. "In addition, having greater access to natural gas allows TransAlta to blend natural gas with the coal, prior to fully converting the units, allowing us to take advantage of low natural gas prices and reduce our carbon costs."

"Tidewater is excited to enter into a long term arrangement with TransAlta which is supported by a 15 year take or pay agreement that provides oil and gas producers throughout Western Canada with direct connectivity to a new, large demand source", said Joel MacLeod, President and Chief Executive Officer of Tidewater. "This agreement with TransAlta enables Tidewater to transport production direct from the wellhead through Tidewater's extensive natural gas processing and storage infrastructure network direct to an end market."

Proposed issuance of senior unsecured notes

Tidewater intends to issue, subject to market and other conditions, a proposed private placement of senior unsecured notes (the "Notes").

Tidewater intends to use the net proceeds from the offering for a non-permanent repayment of indebtedness under Tidewater's existing credit facility, drawn to fund its various capital projects, and for general corporate purposes.

The Notes will not be qualified for distribution to the public under the securities laws of any province or territory of Canada and may not be offered or sold in Canada, directly or indirectly, other than pursuant to applicable private placement exemptions. The Notes will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction.

Deep Basin and Montney region acquisition

Tidewater's previously announced acquisition of certain assets in the Deep Basin and Montney region for net cash consideration of \$34 Million, subject to customary adjustments, has closed in escrow. Final closing of the transaction is subject to regulatory license transfer approvals and is expected to occur in December 2017. An immaterial portion of the assets is being held in escrow pending resolution of a right of first refusal challenge.

Closing of credit facility increase

Tidewater is pleased to announce that an increase to its credit facility has closed. Tidewater's banking syndicate increased this credit facility from \$180 million to \$250 million.

Tidewater's Business

Tidewater is traded on the TSX under the symbol "TWM". Tidewater's business objective is to build a diversified midstream and infrastructure company in the North American natural gas and natural gas liquids ("NGL") space. Its strategy is to profitably grow and create shareholder value through the acquisition and development of oil and gas infrastructure. Tidewater plans to

achieve its business objective by providing customers with a full service, vertically integrated value chain through the acquisition and development of oil and gas infrastructure including: gas plants, pipelines, railcars, trucks, export terminals and storage facilities.

Cautionary Notes

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: plans to construct a 120 km natural gas pipeline from Tidewater's Brazeau River Complex to TransAlta's Sundance and Keephills facility and expected costs of such project and associated take or pay agreement; expectations regarding initial capacity of the planned pipeline and expansion capability; TransAlta's expected gas requirements; potential future investment in the pipeline project; a proposed offering of Notes by Tidewater; the timing and completion of the proposed offering of Notes, and the use of proceeds from the offering of Notes; the anticipated closing of the Deep Basin and Montney acquisition including timing thereof and regulatory approval of related licence transfers; and pending resolution of rights of first refusal in connection to the Deep Basin/Montney acquisition.

These forward-looking statements are based on certain key assumptions including: legislative or regulatory developments, including as it pertains to the Alberta capacity market; the Federal and/or Provincial governments not implementing legislation or regulations facilitating the conversion from coal generation to gas generation; changes in economic and competitive conditions; inability to secure natural gas supply and the construction of a natural gas pipeline on terms satisfactory to Tidewater; Tidewater's ability to execute on its business plan; operating activities; general market and other conditions; the ability of Tidewater to market natural gas liquids to current and new customers; the timely receipt of required governmental and regulatory approvals; future natural gas liquids prices; laws and regulations continuing in effect (or, where changes are proposed, such changes being adopted as anticipated); royalty rates, taxes and capital, operating, general & administrative and other costs; general business, economic and market conditions; with respect to current and planned development projects, expansions, planned capital expenditures, completion dates and capacity expectations: that third parties will provide any necessary support; that any third-party projects relating to Tidewater's growth projects will be sanctioned and completed as expected; that any required commercial agreements can be negotiated and effected; that all required regulatory and environmental approvals can be obtained on the necessary terms and in a timely manner; that counterparties will comply with contracts in a timely manner; and that there are no unforeseen events preventing the performance of contracts or the completion of the relevant facilities; the ability of Tidewater to generate sufficient cash flow from operations and other sources to meet current and future obligations, including costs of anticipated projects and repayment of debt; the ability of Tidewater to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities; and anticipated timelines and budgets being met in respect of Tidewater's projects. 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 including but not limited to: risks related to regulatory approval; the ability of management to execute its business plan; risks inherent in Tidewater's marketing operations, including credit risk; fluctuations in crude oil, natural gas liquids and natural gas prices; health, safety and environmental risks; uncertainties as to the availability and cost of financing; the possibility that governmental policies or laws may change or governmental approvals may be delayed or withheld; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; and other risks and uncertainties described elsewhere in this document or in Tidewater's other filings with Canadian securities regulatory authorities.

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.

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