

## **TIDEWATER MIDSTREAM AND INFRASTRUCTURE LTD. ANNOUNCES STRATEGIC CORE-AREA ACQUISITION, \$60 MILLION BOUGHT DEAL OFFERING OF COMMON SHARES AND CONFIRMS FOURTH QUARTER 2016 DIVIDEND**

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**CALGARY, ALBERTA - (December 19, 2016)** - Tidewater Midstream and Infrastructure Ltd. ("Tidewater" or the "Corporation") (TSX-V: TWM) is pleased to announce that it has acquired from a vendor (the "Vendor") the remaining approximate 37% working interest in the Brazeau River Complex ("BRC") gas plant and the remaining approximate 60% working interest in 105 km of gas gathering pipelines directly connected to the BRC in addition to the remaining working interests for 100% ownership in the previously announced three proven natural gas storage reservoirs that are also directly connected to the BRC (the "Acquisition") for a purchase price of \$30 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, 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.

### **Acquisition Overview**

The Acquisition consolidates the remaining 37% working interest in the BRC for 100% ownership and control in one of the largest natural gas processing and fractionation facilities in the Deep Basin, and consolidates the remaining 60% working interest in 105 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 the consolidated working interest for 100% ownership in the previously announced three proven natural gas storage reservoirs that are directly connected to the BRC 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 several investment grade counterparties to contract the storage assets. The Corporation does not plan to take any commodity risk associated with the storage assets. Tidewater is also acquiring minor mineral rights within the BRC area which were owned by the Vendor. Tidewater will look to divest of the mineral rights in exchange for volume commitments at the BRC and/or Tidewater's fractionation facility.

Tidewater anticipates the Acquisition will generate annualized EBITDA of approximately \$4.5 million including related operational synergies. Based on an acquisition cost of \$30 million, the Acquisition represents an implied valuation of approximately 6.5x 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 was structured in such a way that entering the acquisition agreement and close were sequential, therefore the Acquisition is now closed.

CIBC Capital Markets acted as financial advisor to Tidewater on the Acquisition.

The Acquisition above is in addition to the acquisition announced on November 16, 2016, which is now closed, where Tidewater acquired an approximate 50% working interest in another 150 km of gas gathering pipelines directly connected to the BRC and also three natural gas storage reservoirs, also connected to the BRC. The combination of the November 16, 2016, acquisition and the Acquisition announced today continue to build out an integrated, operated network of gas gathering and processing facilities and infrastructure that add value to our producer customers. Tidewater has now acquired both sets of assets for a total expenditure of \$45 million and anticipated total annualized EBITDA of approximately \$8 million.

### **Capital Expenditure Update**

Through to December 19, 2016, Tidewater has spent approximately \$40 million of the \$125 million 2016 and 2017 capital budget (exclusive of the Acquisition), leaving a remaining capital funding requirement of approximately \$85 million for the remainder of 2016 and 2017 existing projects.

Tidewater has commenced construction on its previously disclosed \$60 - \$65 million of approved capital projects including its 10,000 boe/d fractionation facility at the BRC, relocation of the idled turbo expander from the Edmonton area, and construction of its Acheson rail facility. Tidewater expects the Acheson rail facility to commence operations late in the first quarter of 2017 and the fractionation facility and turbo expander to come on line late in the second quarter of 2017. All projects remain on time and on budget. Tidewater's reactivation of its Fort Saskatchewan Ethane Extraction Plant is expected to occur in the next week and is on time and on budget.

Tidewater also remains on time and on budget for Phase I of its Montney infrastructure/egress hub in the Pipestone area, including infrastructure connections to both TransCanada and Alliance. Tidewater continues to advance toward a final investment decision on Phase II of the project and has received significant 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. The capital required to move the project forward is currently accounted for in Tidewater's total \$125 million capital budget previously announced through the end of 2017.

Tidewater has received significant support from multiple producers in the Pipestone area to license and construct a 50-100 Mmcf/day sour 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 support and expects a final investment decision in the next six months. The Pipestone Gas Plant is expected to directly connect to Tidewater's Montney infrastructure/egress hub in the Pipestone area.

TWM continues to evaluate several other organic capital projects including material egress options for producers in the Deep Basin and Montney and expansion into the Montney in British Columbia. TWM would attempt to tie in new British Columbia Montney NGL and station 2 natural gas infrastructure into its existing Pipestone Alliance and TransCanada connected Montney Infrastructure.

Tidewater continues to advance plans for polypropylene and/or iso-octane facilities and sees strong offtake demand from several investment grade customers with whom the Corporation has pre-existing relationships.

Prior to the Offering, Tidewater has approximately \$50 million drawn on its \$120 million Credit Facility. Given the continued growth in EBITDA from both organic and acquisition activities, TWM has received initial indications of an increase to its credit facilities upon its next formal review.

Tidewater expects fourth quarter 2016 Adjusted EBITDA to be in line with previously announced guidance of approximately \$11-\$12 million.

### **Equity Financing**

In connection with the acquisition, Tidewater is pleased to announce that it has entered into an agreement with a syndicate of underwriters (the “Underwriters”) led by CIBC Capital Markets, National Bank Financial Inc. and Macquarie Capital Markets Canada Ltd., pursuant to which the Underwriters will purchase for sale 38,462,000 common shares (“Common Shares”) at an issue price of \$1.56 per Common Share, on a bought deal basis for aggregate gross proceeds of \$60 million (the “Base Offering”).

Additionally, the Corporation has granted the Underwriters an option to purchase, on the same terms as the Base Offering, up to an additional 5,769,300 Common Shares for additional aggregate gross proceeds of up to \$9 million (the “Over-Allotment Option” and, together with the Base Offering, the “Offering”). The Over-Allotment Option is exercisable for a period of 30 days following the closing of the Offering. The aggregate gross proceeds that may be raised under the Offering is \$69 million should the Over-Allotment Option be exercised in full.

Net proceeds from the Offering will be used to repay the credit facility utilized to complete the Acquisition, the November 16, 2016 announced acquisition to keep leverage within a target range of 1.0-2.0x, accelerate additional organic growth capital expenditures that are currently being pursued but are not committed to as of yet, pursue other acquisitions and for general corporate services.

Closing of the Offering is expected to occur on January 11, 2017 and is subject to customary conditions and regulatory approvals, including the approval of the TSX-V.

### **Fourth Quarter Dividend**

The Corporation is pleased to announce that its Board has declared a dividend for the fourth quarter of 2016 of \$0.01 per common share payable on or about January 31, 2017 to shareholders of record on December 30, 2016. The ex-dividend date is December 28, 2016. This dividend is an eligible dividend for the purpose of the Income Tax Act (Canada).

## **The Corporation's Business**

Tidewater is a public company listed on the TSX-V that was incorporated under the Alberta Business Corporations Act to pursue the purchase, sale and transportation of natural gas liquids ("NGLs") throughout North America and export to overseas markets. Tidewater is also engaged in the acquisition and development of oil and gas infrastructure, including gas plants, pipelines, NGLs by rail, 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: 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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