Tidewater Midstream and Infrastructure Ltd. Announces Third Quarter 2017 Results and Operational Update

CALGARY, Alberta, Nov. 14, 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 and nine-month periods ended September 30, 2017.

Highlights

- Tidewater delivered strong quarterly Adjusted EBITDA of $15.3 million or $0.05 per share for the third quarter of 2017 compared to $9.5 million or $0.03 per share for the same period in 2016.
- The Corporation maintained a conservative payout ratio of approximately 34% with distributable cash flow of $9.8 million in the third quarter of 2017.
- Final investment decision was reached on 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, which, subject to regulatory approval, is expected to be commissioned in the second quarter of 2019. Total capital cost is expected to be approximately $210 million with $30 - $40 million committed in the fourth quarter of 2017. The project is initially anchored by two, five-year take-or-pay agreements with additional commitments at various stages of negotiation.
- Tidewater announced a $51 million acquisition of assets with a replacement value in excess of $900 million and generating EBITDA of approximately $10 million in 2018. The acquisition creates a backbone for the Tidewater network between the Montney and Deep Basin and includes a ten-year reserve dedication agreement.
- The Corporation received conditional approval from its banking syndicate to increase its Credit Facility from $180 million to $250 million. The Credit Facility increase is expected to close in November 2017.
- Tidewater extended the term of a take-or-pay processing agreement with a well-capitalized producer at the Brazeau River Complex (the “BRC”) by an additional two years to December 2020 and increased the volume commitment by approximately 10 MMcf/d to 30 MMcf/d with a provision to deliver volumes up to 45 MMcf/d throughout the term.
- Tidewater is focused on delivering approximately 20% annualized EBITDA per share growth over the next 24 months.
- The Corporation plans to exit 2017 with run-rate Adjusted EBITDA of approximately $80 million with targeted net debt of approximately $150 million on its $250 million credit facility. Revised net debt assumes closing the Deep Basin and Montney Acquisition in the fourth quarter of 2017 and early stages of construction on the new Pipestone Montney Sour Gas Plant.
- Tidewater is pleased to announce it has received conditional approval from the Toronto Stock Exchange (the "TSX") to graduate from the TSX Venture Exchange and list its common shares on the TSX. Tidewater expects its shares to begin trading on the TSX in November of 2017.

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 September 30,		Nine-months ended September 30,	
	2017	2016	**2017**	2016
Total revenues	$ 53,020	$ 27,028	$ 158,872	$ 71,064
Income (loss) for the period	$ (38)	$ 2,374	$ 12,351	$ 11,450
Earnings (loss) per common share – basic	$ (0.00)	$ 0.01	$ 0.04	$ 0.05
Earnings (loss) per common share – diluted	$ (0.00)	$ 0.01	$ 0.04	$ 0.04
EBITDA[1]	$ 12,729	$ 6,365	$ 39,370	$ 24,365
Adjusted EBITDA[2]	$ 15,346	$ 9,523	$ 44,586	$ 26,103
Adjusted EBITDA per common share - basic[2]	$ 0.05	$ 0.03	$ 0.14	$ 0.10

Adjusted EBITDA per common share - diluted[2]	$ 0.05	$ 0.03	$ 0.13	$ 0.10
Total cash and cash equivalents	$ 3,878	$ 4,944	$ 3,878	$ 4,944
Total assets	$ 692,073	$ 493,685	$ 692,073	$ 493,685
Total acquisitions	$ -	$ 23,582	$ 31,091	$ 171,400
Total capital expenditures	$ 25,671	$ 9,465	$ 98,225	$ 16,251
Bank debt	$ 89,500	$ -	$ 89,500	$ -
Total non-current financial liabilities	$ 203,225	$ 99,871	$ 203,225	$ 99,871
Working capital surplus	$ 16,406	$ 21,900	$ 16,406	$ 21,900
Cash flow from operating activities[3]	$ 12,491	$ 9,233	$ 37,649	$ 25,197
Cash flow from operating activities per common share – basic[3]	$ 0.04	$ 0.03	$ 0.12	$ 0.10
Cash flow from operating activities per common share – diluted[3]	$ 0.04	$ 0.03	$ 0.11	$ 0.10
Distributable cash flow[4]	$ 9,785	$ 8,824	$ 31,654	$ 24,604
Distributable cash flow per common share – basic[4]	$ 0.03	$ 0.03	$ 0.10	$ 0.10
Distributable cash flow per common share – diluted[4]	$ 0.03	$ 0.03	$ 0.09	$ 0.10
Dividends declared	$ 3,290	$ 2,846	$ 9,866	$ 8,463
Dividends declared per common share	$ 0.01	$ 0.01	$ 0.03	$ 0.03
Total common shares outstanding (000s)	328,973	284,158	328,973	284,158
Total RSUs outstanding (000s)	8,871	5,574	8,871	5,574
Total Options outstanding (000s)	6,904	4,386	6,904	4,386

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" in the Corporation's 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 and nine-month periods ended September 30, 2017. Adjusted EBITDA and Adjusted EBITDA per common share are not standard measures under GAAP. See "Non-GAAP Financial Measures" in the Corporation's 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 and nine-month periods ended September 30, 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" in the Corporation's 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 and nine-month periods ended September 30, 2017. Distributable cash flow and distributable cash flow per common share are not standard measures under GAAP. See "Non-GAAP Financial Measures" in the Corporation's MD&A for a reconciliation of distributable cash flow and distributable cash flow per common share to their most closely related GAAP measures.

Outlook and Corporate Update

The third quarter of 2017 saw continued volatility in the AECO gas price as well as restrictions on TransCanada Pipelines Canadian Mainline where producers at times struggled to get their gas to market. With NGL pricing near 24-month highs, Tidewater continues to work with producers to find additional egress options including natural gas storage and pipeline egress to ensure producers are able to continually flow volumes and find the best possible pricing for their products. Natural gas storage and pipeline egress options will all be supported by long term contracts. Tidewater has focused its efforts in core liquids rich areas in the Alberta Deep Basin and Montney and continues to work on pipeline egress options into the Edmonton area. Going forward, Tidewater expects to manage volatility in the AECO gas price through the continued development of gas storage and pipeline egress options.

In the third quarter, Tidewater started natural gas storage test injections, providing a proven egress solution for producers at the BRC and near Pipestone. With the proven natural gas storage reservoirs at Brazeau and Pipestone there is potential for Tidewater to recognize significant storage EBITDA when AECO prices are under pressure.

Subsequent to quarter end, Tidewater commenced injections on a second well at its Pipestone infrastructure/egress hub that has exceeded expectations. With the second well at Pipestone, Tidewater expects to have the ability to inject approximately 40MMcf/d for Phase I. Total combined injection capability at Brazeau and Pipestone is approximately 70MMcf/d. Despite continued volatility in AECO pricing and seasonal pricing 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 long term basis, which will further diversify Tidewater's customer base.

The Corporation's extraction plants in the Edmonton area performed well in the quarter and together with natural gas storage act as a natural hedge to low AECO gas prices.

Tidewater's 10,000 bbl/d C2+ fractionation facility and 40 MMcf/d of additional deep cut processing capacity at the BRC continue to outperform and throughput levels have exceeded expectations with no material downtime since commissioning.

The Corporation extended the term of a take-or-pay processing agreement at the BRC by an additional two years to December 2020 and increased the volume commitment by approximately 10 MMcf/d to 30 MMcf/d with a provision to deliver volumes up to 45 MMcf/d throughout the term. The agreement is with a well-capitalized, intermediate-sized producer which will underpin the recently announced expansion of the BRC.

Tidewater's 50 MMcf/d expansion at the BRC remains on-time and on-budget with completion anticipated by the end of 2017. Tidewater also expects to complete construction of the previously disclosed key strategic pipelines both on-time and on-budget. The pipelines will provide access to a new core area for the BRC which is supported by a 55,000 acre reserve dedication and a three to four horizontal well drilling commitment. Drilling activity remains strong around Tidewater's core infrastructure in the Deep Basin area and the Corporation continues to evaluate several egress solutions around the BRC including storage and pipeline options which are attracting significant producer interest.

Tidewater successfully reactivated the recently acquired deep cut extraction plant in late July, significantly ahead of schedule and under budget and is currently running at 50% of expected capacity. Management expects the deep cut extraction plant to meet volume and EBITDA forecasts in 2018 as previously disclosed.

The Corporation plans to exit 2017 with annualized run-rate Adjusted EBITDA of approximately $80 million with target net debt of approximately $150 million on its $250 million Credit Facility. Tidewater is focused on delivering approximately 20% annualized EBITDA per share growth over the next 24 months.

Capital Program

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

Capital costs for Tidewater's Pipestone Montney Sour Gas Plant are expected to be approximately $210 million with expected in service date of mid-2019 where Tidewater's two anchor tenants have the option to purchase a combined approximate working interest of 35% prior to commissioning the plant (refer to Subsequent Events section of the MD&A). The project will be funded through a combination of internally generated cash flow and undrawn capacity under the Corporation's existing Credit Facility. Tidewater continues to progress its plan to add large gathering lines throughout the Montney to extend the reach of the project.

The Corporation continues to evaluate additional egress pipeline options for the BRC into the Edmonton area with interest from investment grade counterparties. Tidewater is regularly evaluating investment opportunities that enhance the strategic value and earnings power of its network.

TSX Graduation

Tidewater is pleased to announce it has received conditional approval from the Toronto Stock Exchange (the "TSX") to graduate from the TSX Venture Exchange and list its common shares on the TSX.

Final approval of the listing is subject to Tidewater meeting certain standard and customary conditions required by the TSX. Upon completion of the final listing requirements, Tidewater's common shares will be delisted from the TSX Venture Exchange and shares in the Corporation will commence trading on the TSX. In anticipation of the TSX graduation, the Corporation has adopted a Majority Voting Policy and appointed Mr. Douglas Fraser as Lead Director. The Corporation will issue a news release prior to the commencement of trading on the TSX.

About Tidewater

Tidewater is traded on the TSX Venture Exchange under the symbol "TWM.V". 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.

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: expectations regarding construction and commissioning of planned facilities and predicted output therefrom; anticipated EBITDA and measures of profit; expectations regarding listing of common shares of the Corporation on the TSX; execution of long term contracts in respect of the Corporation's natural gas storage facilities; expectations regarding injection rates at the Corporation's storage facilities; proforma debt levels; operational plans and strategies including facility expansions; forecast capital expenditures and general business strategies and objectives.

These forward-looking statements are based on certain key assumptions including: the Corporation's ability to execute on its business plan; operating activities and current industry conditions; the ability of the Corporation 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; 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 activities; and anticipated timelines and budgets being met in respect of the Corporation'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 the Corporation'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 the Corporation'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.

TSX Venture Exchange

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