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GWR Global Water Resources Corp. Reports Fourth Quarter and Fiscal 2015 Results

PHOENIX, AZ, March 11, 2016 - GWR Global Water Resources Corp. (the "Company") (TSX: GWR) (OTCQX: GWGWF) today reported its financial results for the quarter and year ended December 31, 2015. See information below regarding today's conference call information.

The Company was established to acquire an equity interest in Global Water Resources, Inc. ("Global Water"). Global Water is a water resources company located in Phoenix, Arizona, that owns and operates regulated water, wastewater and recycled water utilities in the metropolitan Phoenix area. The Company accounts for its investment in Global Water using the equity method of accounting; therefore, the financial information of Global Water is not consolidated with that of the Company. All references in this press release to consolidated financial information refer to Global Water on a consolidated basis and, unless otherwise indicated, all amounts are in U.S. dollars.

Fiscal 2015 Highlights

- Completed the disposition of Valencia Water Company, Inc. ("Valencia") to the City of Buckeye for \$55 million on closing and an additional \$108,000 as a result of a working capital adjustment;
- Adjusting for the disposition of Valencia, grew active service connections by 889 (or 2.4%) to 37,784, compared with 36,895 at the end of last year;
- Adjusting for the impact of Valencia, increased yearly revenue by \$2.0 million;
- Issued a special cash dividend of CAD \$1.55 per share paid to shareholders on August 12, 2015; and
- Increased the monthly dividend to CAD \$0.0283 per share (an annualized amount of CAD \$0.3396 per share), marking the third increase since the dividend was initiated in March 2014.

"Our focus through 2015 was on streamlining operations around our core utilities and providing further value for our shareholders through the special dividend and the dividend increase," said Ron Fleming, President and CEO of Global Water.

Summary of Financial Results

Consolidated Revenues

Consolidated revenues for the quarter and year ended December 31, 2015 were \$7.1 million and \$32.0 million, respectively, compared to \$7.9 million and \$32.6 million for the quarter and year ended December 31, 2014.

The decrease in revenue was primarily due to the impacts of the Valencia disposition. Adjusting for those impacts, consolidated revenues for the quarter and year ended December 31, 2015 increased \$0.6 million, or 9.3%, and \$2.0 million, or 7.5%, respectively.

Operating Expenses

Operating expenses for the quarter and year ended December 31, 2015 were \$5.7 million and \$25.4 million, respectively, compared to \$7.0 million and \$28.4 million for the quarter and year ended December 31, 2014. This represents a reduction of 19.1% and 10.8% for the quarter and year, respectively. These reductions were due to a combination of corporate initiatives to reduce costs and the Valencia disposition. Operating expenses for the year ended December 31, 2014 excludes the \$50.7 million one-time gain associated with the regulatory order recognized in connection with the Arizona Corporation Commission's regulatory reversal.

Net Income

Global Water realized a net loss of \$30,000 and net income of \$21.4 million, respectively, for the quarter and year ended December 31, 2015, compared to a net loss of \$0.8 million and an income of \$64.9 million for the quarter and year ended December 31, 2014.

The net income for the year ended December 31, 2015 is primarily attributed to the gain recorded with the Valencia disposition. The large variance in net income is primarily due to the gain on the regulatory order and tax benefit recorded in 2014, offset by the gain on the Valencia disposition in 2015.

EBITDA

EBITDA for the quarter and year ended December 31, 2015 was \$3.2 million and \$58.5 million, respectively, compared to \$3.9 million and \$66.6 million for the quarter and year ended December 31, 2014. The change in EBITDA for the quarter is driven by the \$0.7 million difference recorded as the Company's equity investment in the Fathom business, wherein a loss of \$0.1 million was recorded in 2015 and a gain of \$0.6 million was recorded in 2014. Additionally, in the quarter ended December 31, 2015, the company offset the lost EBITDA associated with the Valencia disposition through achieving higher rates, organic growth and expense reductions. The variance between the years is attributed to the gain on the regulatory order recorded in 2014, offset by the gain on the Valencia disposition in 2015. Additionally, the lost EBITDA associated with the Valencia disposition in 2015 was offset by higher rates, organic growth and expense reductions.

Adjusted EBITDA for the quarter and year ended December 31, 2015 was \$3.4 million and \$15.7 million, respectively, compared to \$3.3 million and \$13.7 million for the quarter and year ended December 31, 2014. The improvements to Adjusted EBITDA in the quarter and year ended December 31, 2015 can be primarily attributed to increased rates, organic growth and expense reductions. These gains were offset by the lower Adjusted EBITDA associated with the Valencia disposition.

Business Outlook

Global Water's growth strategy for its regulated water, wastewater and recycled water business is driven by increased service connections, continued operating efficiencies and utility rate increases approved by the ACC.

Connection Rates

Excluding impact of Valencia operations, the fourth quarter of 2015 continued to show positive growth in new connections and re-establishing service on previously vacant homes. As of December 31, 2015, active service connections increased by 889 to 37,784, compared with 36,895 as of December 31, 2014. This represents an annualized increase of 2.4%.

The Company's vacancy rate is now at 2.5% after reaching a peak of 11.2% in February of 2009.

Willow Valley Water Company

The company expects the pending sale of Willow Valley Water Company to be completed in the second quarter of 2016.

Conference Call

Global Water will conduct a conference call on Friday, March 11, 2016, at 1:00 p.m. EST. Interested persons may access the call by dialing (647) 427-7450 or toll free at (888) 231-8191.

About GWR Global Water Resources Corp.

The Company was incorporated in British Columbia to acquire shares of U.S. based Global Water and to actively participate in the management, business and operations of Global Water through its representation on the board of directors of Global Water and its shared management of Global Water.

Cautionary Note Regarding Forward-Looking Statements

This press release includes certain forward-looking statements. These forward-looking statements include, but are not limited to, our plans, objectives, expectations and intentions, and other statements contained in this release that are not historical facts as well as statements identified by words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", or the negative of these terms, or other words of similar meaning. These statements are based on our current beliefs or expectations and are inherently subject to significant uncertainties and changes in circumstances, many of which are beyond our control. Actual results may differ materially from these expectations due to changes in global political, economic, business, competitive, market and regulatory factors and other factors discussed under the heading "Risk Factors" in the Company's most recent Annual Information Form. We undertake no obligation to publicly update any forward-looking statement, except as required by law, whether as a result of new information, future developments or otherwise.

Cautionary Note Regarding Non-GAAP Measures

This press release contains references to "EBITDA" and Adjusted EBITDA. EBITDA is defined for the purposes of this press release as net income or loss before interest, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA less the gain or loss related to non-recurring

events. Management believes that EBITDA and Adjusted EBITDA are useful supplemental measures of our operating performance and provide meaningful measures of overall corporate performance exclusive of our capital structure and the method and timing of expenditures associated with building and placing our systems. EBITDA is also presented because management believes that it is frequently used by investment analysts, investors and other interested parties as a measure of financial performance. Adjusted EBITDA is also presented because management believes that it provides a measure of our recurring core business.

However, EBITDA and Adjusted EBITDA are not recognized earnings measures under U.S. GAAP and do not have a standardized meaning prescribed by U.S. GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternatives to net income or loss or other income statement data (which are determined in accordance with U.S. GAAP) as an indicator of our performance or as a measure of liquidity and cash flows. Management's method of calculating EBITDA and Adjusted EBITDA may differ materially from the method used by other companies and accordingly, may not be comparable to similarly titled measures used by other companies. See "Consolidated Statements of Operations for the eight quarters ended December 31, 2015" in the attached schedules for a reconciliation of EBITDA to net income, the nearest comparable U.S. GAAP measure.

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GWR GLOBAL WATER RESOURCES CORP.
BALANCE SHEETS
As of December 31, 2015 and December 31, 2014
(Unaudited)

	December 31, 2015	December 31, 2014
(in thousands of US\$, except share data)		
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ —	\$ 189
Dividend receivable	179	—
Other current assets	36	18
Total current assets	215	207
Equity method investment	55,549	59,794
TOTAL ASSETS	\$ 55,764	\$ 60,001
 LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Dividends payable, accounts payable and accrued expenses	\$ 345	\$ 212
Other noncurrent liabilities	275	155
Deferred tax liability	769	1,666
Total liabilities	1,389	2,033
 COMMITMENTS AND CONTINGENCIES (see Note 9)		
 SHAREHOLDERS' EQUITY:		
Common stock, unlimited shares authorized, 8,726,747 and 8,754,612 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	55,532	55,807
Retained earnings (accumulated deficit)	(1,157)	2,161
Total shareholders' equity	54,375	57,968
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 55,764	\$ 60,001

GWR GLOBAL WATER RESOURCES CORP.
STATEMENTS OF OPERATIONS
For the Three Months and Years Ended December 31, 2015 and 2014
(Unaudited)

	Three Months Ended December		Twelve Months Ended December	
	31,		31,	
	2015	2014	2015	2014
	(in thousands of US\$, except share and per share data)			
GAIN FROM EQUITY INVESTMENT	\$ (15)	\$ (403)	\$ 10,259	\$ 31,225
OPERATING EXPENSES	521	127	1,846	666
OPERATING INCOME	(536)	(530)	8,413	30,559
INCOME (LOSS) BEFORE INCOME TAXES	(536)	(530)	8,413	30,559
INCOME TAX (BENEFIT) EXPENSE	158	110	897	(1,666)
NET INCOME	<u>\$ (378)</u>	<u>\$ (420)</u>	<u>\$ 9,310</u>	<u>\$ 28,893</u>
 WEIGHTED AVERAGE SHARES:				
Basic	8,735,950	8,754,612	8,747,801	8,754,612
Diluted	8,735,964	8,754,612	8,747,813	8,764,494
 EARNINGS (LOSS) PER SHARE:				
Basic	\$ (0.04)	\$ (0.05)	\$ 1.06	\$ 3.30
Diluted	\$ (0.04)	\$ (0.05)	\$ 1.06	\$ 3.30

GLOBAL WATER RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2015 and December 31, 2014
(Unaudited)

	December 31, 2015	December 31, 2014
	(in thousands of US\$, except share data)	
ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment	\$ 258,244	\$ 318,995
Less accumulated depreciation	(64,092)	(78,571)
Net property, plant and equipment	194,152	240,424
CURRENT ASSETS:		
Cash and cash equivalents	11,513	6,577
Accounts receivable—net	1,132	1,365
Due from related party	306	645
Accrued revenue	1,745	1,762
Prepaid expenses and other current assets	1,179	353
Deferred tax assets—current	—	1,591
Assets held for sale	2,840	—
Total current assets	18,715	12,293
OTHER ASSETS:		
Goodwill	—	13,082
Intangible assets—net	12,772	12,772
Regulatory assets	227	400
Deposits	13	25
Bond service fund and other restricted cash	9,042	9,927
Debt issuance costs—net	2,233	2,722
Equity method investment—related party	821	1,150
Deferred tax assets	—	14,806
Total other assets	25,108	54,884
TOTAL	\$ 237,975	\$ 307,601
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,322	\$ 1,531
Accrued expenses	5,137	6,832
Deferred revenue	11	13
Customer and meter deposits	1,706	2,601
Long-term debt—current portion	1,994	2,653
Liabilities held for sale	493	—
Total current liabilities	10,663	13,630
NONCURRENT LIABILITIES:		
Long-term debt	104,650	127,491
Deferred regulatory gain	19,730	19,730
Regulatory liability	7,859	7,859
Advances in aid of construction	61,480	89,206
Contributions in aid of construction—net	4,426	17,096
Deferred income tax liability	4,164	—
Acquisition liability	4,688	4,688
Other noncurrent liabilities	252	221
Total noncurrent liabilities	207,249	266,291
Total liabilities	217,912	279,921
Commitments and contingencies (see Note 12)		
SHAREHOLDERS' EQUITY:		
Common stock, \$0.01 par value, 1,000,000 shares authorized, 181,179 and 182,050 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively	2	2
Paid in capital	21,659	50,639
Accumulated deficit	(1,598)	(22,961)
Total shareholders' equity	20,063	27,680
TOTAL	\$ 237,975	\$ 307,601

GLOBAL WATER RESOURCES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months and Years Ended December 31, 2015 and 2014
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
	(in thousands of US\$)			
REVENUES:				
Water services	\$ 3,182	\$ 4,245	\$ 16,320	\$ 18,076
Wastewater and recycled water services	3,777	3,551	15,020	14,112
Unregulated revenues	150	117	616	371
Total revenues	7,109	7,913	31,956	32,559
OPERATING EXPENSES:				
Operations and maintenance	1,473	1,959	7,080	8,020
Operations and maintenance - related party	467	604	2,179	2,398
General and administrative	2,066	2,199	7,957	8,809
Gain on regulatory order	—	—	—	(50,664)
Depreciation	1,687	2,279	8,213	9,205
Total operating expenses	5,693	7,041	25,429	(22,232)
OPERATING INCOME	1,416	872	6,527	54,791
OTHER INCOME (EXPENSE):				
Interest income	3	15	11	79
Interest expense	(1,803)	(3,025)	(8,299)	(9,512)
Gain on condemnation of Valencia	(91)	—	42,983	—
Other	203	89	767	2,162
Other - related party	(32)	692	(3)	416
Total other income (expense)	(1,720)	(2,229)	35,459	(6,855)
INCOME BEFORE INCOME TAXES	(304)	(1,357)	41,986	47,936
INCOME TAX (EXPENSE) BENEFIT	274	518	(20,623)	16,995
NET INCOME	\$ (30)	\$ (839)	\$ 21,363	\$ 64,931

GLOBAL WATER RESOURCES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Eight Quarters Ended December 31, 2015
(Unaudited)

	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
REVENUES:								
Water services	\$ 3,182	\$ 4,131	\$ 5,114	\$ 3,893	\$ 4,245	\$ 5,087	\$ 5,127	\$ 3,617
Wastewater and recycled water services	3,777	3,848	3,793	3,602	3,551	3,584	3,612	3,365
Unregulated revenues	150	164	175	127	117	124	116	14
Total revenues	7,109	8,143	9,082	7,622	7,913	8,795	8,855	6,996
OPERATING EXPENSES:								
Operations and maintenance	1,473	1,690	2,057	1,860	1,959	2,077	2,097	1,888
Operations and maintenance - related party	467	483	618	611	604	600	598	595
General and administrative	2,066	2,020	1,807	2,064	2,199	1,841	2,280	2,489
Gain on regulatory order	—	—	—	—	—	—	—	(50,664)
Depreciation	1,687	1,894	2,320	2,312	2,279	2,255	2,427	2,244
	5,693	6,087	6,802	6,847	7,041	6,773	7,402	(43,448)
OPERATING INCOME	1,416	2,056	2,280	775	872	2,022	1,453	50,444
OTHER INCOME (EXPENSE):								
Interest income	3	4	2	2	15	23	22	19
Interest expense	(1,803)	(2,367)	(2,050)	(2,079)	(3,025)	(2,111)	(2,152)	(2,224)
Gain on condemnation of Valencia	(91)	43,074	—	—	—	—	—	—
Other	203	402	338	(176)	89	21	19	2,033
Other - related party	(32)	(31)	25	35	692	2	(166)	(112)
Total other income (expense)	(1,720)	41,082	(1,685)	(2,218)	(2,229)	(2,065)	(2,277)	(284)
INCOME (LOSS) BEFORE INCOME TAXES	(304)	43,138	595	(1,443)	(1,357)	(43)	(824)	50,160
INCOME TAX BENEFIT (EXPENSE)	274	(21,233)	(192)	528	518	17	335	16,125
NET INCOME (LOSS)	\$ (30)	\$ 21,905	\$ 403	\$ (915)	\$ (839)	\$ (26)	\$ (489)	\$ 66,285
Adjusted EBITDA ⁽¹⁾	3,392	4,433	4,723	3,166	3,314	4,367	3,966	2,098

⁽¹⁾ Adjustments exclude the gain on Sale of Valencia, loss on assets held for sale, gain on sale of Loop 303 Contracts, loss on equity investment, gain on regulatory order, gain on SNR litigation proceeds and loss on sale of GWM.

GLOBAL WATER RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months and Years Ended December 31, 2015 and 2014
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
	(in thousands of US\$)			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ (30)	\$ (839)	\$ 21,363	\$ 64,931
Adjustments to reconcile net income to net cash provided by operating activities:				
Deferred compensation	300	269	798	1,361
Depreciation	1,688	2,279	8,213	9,205
Amortization of deferred debt issuance costs and discounts	46	68	204	334
Write-off of debt issuance costs	—	696	282	696
Loss on disposal of fixed assets	—	—	—	6
Gain on condemnation of Valencia	91	—	(42,983)	—
Gain on sale of 303 contracts	—	—	(296)	—
Loss (Gain) on equity method investment	117	(617)	329	(144)
Gain on regulatory order	—	—	—	(50,664)
Other losses (gains)	—	(56)	176	(56)
Provision for doubtful accounts receivable	14	28	69	83
Deferred income tax expense (benefit)	(304)	(518)	20,561	(16,995)
Changes in assets and liabilities:				
Accounts receivable	153	111	125	26
Other current assets	(612)	154	(2,241)	—
Accounts payable and other current liabilities	(2,518)	(2,417)	(2,502)	(227)
Other noncurrent assets	29	6	147	34
Other noncurrent liabilities	—	204	—	3,056
Net cash provided by operating activities	<u>(1,026)</u>	<u>(632)</u>	<u>4,245</u>	<u>11,646</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	(1,178)	(601)	(3,355)	(1,655)
Proceeds from the condemnation of Valencia	(91)	—	55,107	—
Proceeds received from the sale of Loop 303 Contracts	—	—	296	—
(Deposits) withdrawals of restricted cash	7	1	(70)	198
Cash advance to related party	—	—	(12,745)	—
Repayment of related party cash advance	509	—	12,745	—
Other cash flows from investing activities	(4)	26	(6)	26
Net cash provided by (used in) investing activities	<u>(757)</u>	<u>(574)</u>	<u>51,972</u>	<u>(1,431)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of bond debt	(1,775)	(12,347)	(1,775)	(12,347)
Deposits in bond service fund	—	(1,000)	—	(1,000)
Proceeds withdrawn from bond service fund	—	626	1,001	626
Loan borrowings	—	21,800	—	21,800
Loan repayments	—	(9,383)	(21,719)	(10,390)
Principal payments under capital leases	(27)	(20)	(99)	(105)
Debt issuance costs paid	—	(300)	—	(346)
Advances in aid of construction	75	64	357	365
Refunds of advances for construction	(554)	(11)	(975)	(747)
Dividends paid	(1,053)	(1,140)	(27,607)	(3,454)
Share Repurchase	(137)	—	(464)	—
Net cash used in financing activities	<u>(3,471)</u>	<u>(1,711)</u>	<u>(51,281)</u>	<u>(5,598)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	(5,254)	(2,917)	4,936	4,617
CASH AND CASH EQUIVALENTS – Beginning of period	16,767	9,494	6,577	1,960
CASH AND CASH EQUIVALENTS – End of period	\$ 11,513	\$ 6,577	\$ 11,513	\$ 6,577