TIDEWATER
Midstream and Infrastructure Ltd.

Management's Discussion and Analysis
For the date of Incorporation
February 4, 2015 to December 31, 2015

March 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the consolidated financial and operating results of Tidewater Midstream and Infrastructure Ltd. ("Tidewater" or the "Corporation") is dated March 30, 2016 and is supplementary to, and should be read in conjunction with, Tidewater's audited consolidated financial statements for the period ended December 31, 2015 ("Financial Statements"). The accompanying Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), also referred to as GAAP.

Management is responsible for preparing the MD&A. This MD&A has been reviewed and recommended by the Audit Committee of Tidewater's Board of Directors and approved by its Board of Directors.

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 liquids ("NGLs") throughout North America and export to overseas markets. Tidewater is engaged in the acquisition and development 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 projects.

On April 15, 2015, Tidewater completed an initial public offering ("IPO") and the Corporation's common shares were listed and commenced trading on the TSX Venture Exchange under the symbol "TWM.V" as a publicly traded company. Additional information relating to Tidewater is available on SEDAR at www.sedar.com and at www.tidewatermidstream.com.

BUSINESS OVERVIEW

Tidewater's business objective is to build a diversified midstream and infrastructure company in the marketing, terminalling and transportation of North American NGLs. 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.

2015 AND FIRST QUARTER 2016 HIGHLIGHTS

- Tidewater established its first core operating area through the $180 million acquisition of a 63% operated working interest in a gas processing facility in the West Pembina region of Central Alberta.

- Completed a $210 million equity offering and declared a quarterly dividend of $0.01 per common share ($0.04 annualized) to be paid quarterly to Tidewater shareholders.

- Continued to execute on its strategy through strategic acquisitions of midstream infrastructure in the Deep Basin throughout 2015 that enhanced its position in the midstream value chain including the retail propane distribution business.

- Achieved Adjusted EBITDA of $7.1 million for the fourth quarter and $11.9 million for the period from date of incorporation on February 4, 2015 to December 31, 2015 which is in line with management expectations and forecasted targets.

- Acquired overall gross gas processing capacity of approximately 1 Bcf/d (600 MMcf/d net) after the AltaGas Asset Acquisition in the first quarter of 2016 and maintain significant opportunities for consolidation and increased throughput.

- In March 2016, successfully closed second public offering of 57.5 million shares issued at $1.40 per share for proceeds net underwriting fees of approximately $76.5 million.

- Secured a $120 million syndicated Credit Facility and maintains a strong balance sheet with positive working capital of approximately $20 million including cash and excluding investments at March 30, 2016.

Strategic Asset Acquisitions

For the period from the date of incorporation, on February 4, 2015 to December 31, 2015, the Corporation completed the following acquisitions:

Brazeau River Complex Acquisition

On July 21, 2015, Tidewater completed the acquisition of a 63% operated working interest in a gas processing facility and related pipelines (the "BRC Assets") located in the West Pembina region in central Alberta (the "BRC Acquisition") for total consideration of $180 million consisting of $170 million in cash and approximately 7.4 million Tidewater common shares valued at $10 million based on a deemed price of $1.35 per common share.

Of the $180 million acquisition price, $8 million cash and $10 million of the Corporation's common shares were placed in escrow as a holdback ("Holdback Consideration"). The total Holdback Consideration of $18 million is to be released to the vendor one year after the Acquisition closed, pending confirmation of the Assets trailing twelve month net operating income at $28 million or greater. If the twelve month net operating income is less than $28 million, any shortfall will reduce the amount of the Holdback Consideration to be released to the vendor. In addition, the Corporation entered into an Inlet Gas Buy-Sell Agreement (the "Inlet Agreement") with the vendor. The Inlet Agreement mandates that the vendor dedicate a certain threshold of natural gas throughput volumes to the Assets at contracted prices for a term of ten years.

To finance the BRC Acquisition, on June 16, 2015, the Corporation completed a bought deal private placement whereby a syndicate of underwriters purchased for sale 156 million subscription receipts ("Subscription Receipts") at an issue price of $1.35 per Subscription Receipt. Each Subscription Receipt entitled the holder thereof to receive, without payment of additional consideration, one Tidewater common share upon completion of the BRC Acquisition. In conjunction with the closing of the Acquisition on July 21, 2015, the Corporation issued 156 million common shares for the Subscription Receipts held and received gross proceeds of $210 million.

On September 2, 2015, Tidewater also purchased an 80% working interest in a 120MMcf/d capacity 7.1km pipeline for approximately $8.4 million. The Brazeau River Pipeline Acquisition extends Tidewater's 55 km pipeline further south across the Brazeau River, and provides access to new volumes and the opportunity to diversify the customer base of the BRC.

The BRC Acquisition was considered a significant acquisition under Part 8 of the NI 51-102. Please refer to SEDAR for a copy of Form 51-102F4 – Business Acquisitions Report.

Other Strategic Acquisitions

During the three month period ended December 31, 2015, Tidewater made a number of strategic acquisitions to complement its presence in the Western Canadian Sedimentary Basin and further develop its midstream and NGL pipeline and infrastructure network ("the Deep Basin and Extraction Plant Acquisitions"). The acquisitions consisted of working interests in seven gas processing facilities (six operated) including four that are 100% working interest and three of which are deep-cut NGL extraction facilities. The Deep Basin and Extraction Plant Acquisitions have approximately 550 MMcf/d of gross gas processing capacity (approximately 190 MMcf/d net) and include over 500 kms of pipelines and related compression facilities and infrastructure. Many of the acquired pipelines head toward Tidewater's largest gas plant at the Brazeau River Complex and provide Tidewater the opportunity to develop its own natural gas and NGL network which will offer alternative natural gas takeaway and egress options to producers.

To compliment the Deep Basin and Extraction Plant Acquisitions, Tidewater acquired a retail propane business and incorporated a wholly owned subsidiary, Tidewater Propane Inc. The retail propane acquisition further vertically integrates Tidewater in the midstream and NGL value chain and offers Tidewater's producer customers additional end markets for their NGLs.

For additional detail on Other Strategic Acquisitions please refer to Tidewater's Annual Information Form and most recent year-end audited financial statements.

These acquisitions were not considered significant acquisitions under Part 8 of the NI 51-102.

AltaGas Asset Acquisition

On February 29, 2016, Tidewater completed an acquisition to acquire 100% of AltaGas's working interest in select Deep Basin and central Alberta gas processing facilities and related infrastructure (the "AltaGas Asset Acquisition"), of which the majority are located in Tidewater's core West Pembina region for total consideration of $30 million in cash and approximately 43.7 million Tidewater common shares.

The facilities have a combined gross licensed natural gas processing capacity of approximately 490 MMcf/d and current throughput of approximately 102 MMcf/d. The AltaGas Asset Acquisition includes eight core facilities that are focused in the Deep Basin, located in proximity to Tidewater's Brazeau River Complex, which generated approximately 77% of the acquired assets' 2015 EBITDA. These core facilities are located at Windfall/Kaybob, Marlboro/Edson, Alder Flats, Gilby, Manola, Bonnie Glenn, Malmo and Sylvan Lake. In addition, the AltaGas Asset Acquisition includes over 2,000 km of gathering pipelines and other associated infrastructure.

Approximately 50% of the 2016 estimated volumes from the AltaGas Asset Acquisition are underpinned by either take-or-pay contracts with remaining terms ranging from 5 to 9 years or area/reserve life dedication contracts backed by credible counterparties/producers.

This acquisition was not considered a significant acquisition under Part 8 of the NI 51-102.

For more information regarding the acquisitions discussed above please refer to the Corporation's 2015 consolidated financial statements.

FINANCIAL OVERVIEW

Tidewater commenced commercial operations in July 2015 and began processing raw gas as the operator of the Brazeau River Complex in the West Pembina region of Central Alberta. From September 2015 to December 31, 2015, other commercial operations as outlined in the Strategic Assets Acquisition section were acquired and brought online. During the three month period ended December 31, 2015, Tidewater generated Adjusted EBITDA of approximately $7.1 million ($28.4 million annualized). Overall, earnings since incorporation were in line with management's expectations with Adjusted EBITDA of $0.14 per common share or approximately $11.9 million. Tidewater continued to demonstrate strong financial performance in the fourth quarter of 2015 despite firm receipt restrictions on the NGTL pipeline system within segment 9.

The Corporation maintained a strong balance sheet and capital structure throughout the period with a net debt to EBITDA ratio of approximately 1.2x at year-end.

Tidewater was incorporated on February 4, 2015 and has not previously prepared annual financial statements.

Consolidated Financial Highlights

(In thousands of Canadian dollars, except per share data)		**Three month period ended December 31, 2015**		**Period from date of incorporation on February 4, 2015 to December 31, 2015**
Total revenues	$	13,623	$	21,563
Income for the period	$	8,487	$	8,467
Earnings per common share – basic and diluted	$	0.05	$	0.10
EBITDA[1]	$	11,201	$	12,716
Adjusted EBITDA[1]	$	7,101	$	11,880
Adjusted EBITDA per common share - basic and diluted[1]	$	0.04	$	0.14
Total cash and cash equivalents	$	372	$	372
Total assets	$	298,318	$	298,318
Total acquisitions	$	62,693	$	264,452
Total capital expenditures	$	2,004	$	3,378
Bank debt	$	30,803	$	30,803
Total non-current financial liabilities	$	80,374	$	80,374
Working capital surplus	$	16,904	$	16,904
Cash flow from operating activities[1]	$	6,141	$	10,271
Cash flow from operating activities per common share – basic and diluted[1]	$	0.04	$	0.12
Distributable cash flow[1]	$	6,135	$	10,071
Distributable cash flow per common share[1]	$	0.04	$	0.11
Dividends declared	$	1,759	$	3,507
Dividends declared per common share	$	0.01	$	0.02
Total common shares outstanding[2] (000s)		168,065		168,065
Total RSUs outstanding (000s)		2,468		2,468
Total Options outstanding (000s)		782		782

(1) Refer to "Non-GAAP and additional GAAP Measures"
(2) Does not included 7,407,408 common shares held in escrow related to the Brazeau Complex strategic asset acquisition or 438,736 common shares held in escrow related to the Retail Propane Acquisition

LIQUIDITY AND CAPITAL RESOURCES

At March 30, 2016, management believes the Corporation has sufficient cash flow to sustain its business activities. The Corporation has the following contractual obligations at December 31, 2015:

Contractual obligations

(In thousands of Canadian dollars)		**Less than 1 year**		**Greater than 1 year**
Accounts payable and accrued liabilities	$	6,724	$	-
Dividend payable		1,759		-
Short term incentive compensation		657		-
Total contractual obligations	**$**	**9,140**	**$**	**-**

At December 31, 2015, Tidewater had issued 168 million common shares for total cash proceeds of $204 million, net of issuance costs of approximately $14.6 million. Shares held in escrow relate to the BRC Acquisition and the Retail Propane Acquisition holdbacks of 7.4 million and 438,736 respectively. These shares have not been included in total common shares outstanding.

On March 22, 2016, Tidewater completed an equity offering for total cash proceeds of approximately $76.5 million, net of issuance costs of approximately $4 million. The equity offering is further described in the Subsequent Events section.

At December 31, 2015, Tidewater had a working capital surplus of approximately $16.9 million that mainly related to cash and accounts receivable due from customers for gas processing and transportation fees.

On November 2, 2015, Tidewater entered into a Credit Facility Agreement with two major Canadian banks (the "Lenders"). The Credit Facility Agreement consists of a Syndicated Credit Facility (the "Syndicated Facility") and an Operating Credit Facility (the "Operating Facility"), together, (the "Credit Facility"). The Operating Facility is a revolving facility with a maximum available draw of $10 million. The Syndicated Facility is a revolving facility with a maximum available draw of $60 million, for total available credit under the Credit Facility of $70 million.

On March 9, 2016, Tidewater increased the availability under its Credit Facility to $120 million. The increase to the Credit Facility is further described in the Subsequent Events section.

The Credit Facility is for a term of two years with a one year renewal option at the request of the Corporation, subject to Lender approval. The Credit Facility can be used for general corporate purposes including capital expenditures and acquisitions. Advances may be made by way of direct advances, bankers' acceptances, or standby letters of credit/guarantees. The Credit Facility bears interest at the Bank's prime rate on bankers' acceptance discount rates plus an applicable margin of 100bps to 275bps on prime rate loans, 200bps to 375bps of stamping fees related to bankers' acceptances, and 45bps to 85bps for standby fees as determined by reference to the Corporation's consolidated debt to EBITDA ratio (as defined in the Credit Facility Agreement). Interest on the Credit Facility is due monthly.

The Corporation is required to maintain certain financial ratios calculated as defined in the Credit Facility Agreement including a consolidated debt/EBITDA ratio of less than or equal to 3:1, consolidated debt to capitalization ratio of less than or equal to 0.50:1, and a fixed charge coverage ratio greater than or equal to 1.15:1.

The Corporation is also required to meet certain reporting requirements on a quarterly and annual basis. The Corporation's next annual credit facility review is scheduled for October 26, 2016.

The Credit Facility is secured by a $250 million demand debenture with a floating charge over all the assets of the Corporation.

The Corporation anticipates that cash flows generated from the various Strategic Asset Acquisitions and working capital including availability of the Credit Facility and other sources of financing will be sufficient to meet its obligations and financial commitments and will provide sufficient funding for anticipated capital expenditures. Due to the nature of the energy midstream industry, budgets are regularly reviewed with respect to the success of the expenditures and other opportunities that become available to the Corporation. Tidewater's actual expenditures may vary depending on a variety of factors, including the availability of equipment and personnel, unexpected expenses, delays in the receipt of necessary regulatory approvals, permits and licences, and the success of Tidewater's business development activities.

COMMITMENTS

At December 31, 2015, the Corporation had the following commitments related to railcar, vehicle, and building leases. The railcar and vehicle leases range in term from three to five years at market lease rates. The building leases relate to Tidewater's retail propane business with offices in Rimbey and Wetaskiwin, Alberta and can be terminated with 180 days' notice by Tidewater. Minimum future payments for these leases are as follows:

(In thousands of Canadian dollars)	**Within 1 year**	**After 1 year but not more than 5 years**	**More than 5 years**	**Total**
Railcar and vehicle lease	$ 348	$ 977	$ -	$ 1,325
Building lease	73	-	-	73
Total	$ 421	$ 977	$ -	$ 1,398

OUTSTANDING EQUITY

At March 30, 2016, Tidewater had the following outstanding common shares, RSUs and options:

(In thousands)	
Common shares	277,116
RSUs	2,468
Options	782

TRANSACTIONS WITH RELATED PARTIES

Tidewater provides compensation to key management personnel who are comprised of directors, officers, and vice presidents of the Corporation. Other than what has been disclosed in note 17 of the audited consolidated financial statements for the period ended December 31, 2015, there have been no other material related party transactions or significant changes to the compensation amounts.

SUBSEQUENT EVENTS

Subsequent to December 31, 2015, other than disclosed elsewhere, the following transactions occurred:

- On February 2, 2016, the Corporation entered into an agreement with AltaGas Ltd. ("AltaGas") to acquire 100% of AltaGas's working interest in select Deep Basin and central Alberta gas processing facilities and related infrastructure, the majority of which are located in Tidewater's core West Pembina region. Under the terms of the Acquisition, Tidewater issued to AltaGas approximately 43.7 million common shares and paid AltaGas $30 million in cash, which was funded through cash on hand and drawing on Tidewater's existing corporate credit facility. This Acquisition closed on February 29, 2016.

- On March 1, 2016, the Corporation entered into Agreement with a syndicate of underwriters pursuant to which the underwriters would purchase for sale 50 million common shares at an issue price of $1.40 per common share, on a bought deal basis for aggregate proceeds of $70 million (the "Base Offering"). Additionally, the Corporation granted the underwriters an option to purchase, on the same terms as the Base Offering, up to an additional 7.5 million common shares for additional aggregate gross proceeds of up to $10.5 million. On March 22, 2016, the public offering closed. At closing, 57.5 million common shares were issued at $1.40 per share, for gross proceeds of $80.5 million.

- On March 22, 2016, the Corporation declared a first quarter dividend of $0.01 per common share for all shareholders of record on March 31, 2016. It is anticipated that the dividend, totaling $2.8 million, will be paid on April 29, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date hereof, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial conditions of the Corporation, including liquidity and capital resources.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Tidewater's financial instruments consist of cash, restricted cash, accounts receivable, investments in marketable securities, prepaid expenses and deposits, accounts payable and accrued liabilities, dividend payable, contingent liabilities and incentive compensation liabilities. Unless otherwise noted, it is Management's opinion that the Corporation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying value.

The Board of Directors has the overall responsibility for the establishment and oversight of Tidewater's risk management framework. The Board of Directors has implemented and monitors compliance with risk management policies. Tidewater's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Corporation's activities. Tidewater employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, the Corporation's management has the responsibility to administer and monitor those risks.

Tidewater's activities expose it to a variety of financial risks that arise as a result of its operations and financing activities such as credit risk, market risk, and liquidity risk.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's cash balances held with commercial banks and accounts receivable from customers and joint venture partners. To diversify this risk, management holds its cash balances at reputable and financially stable institutions.

Market Risk

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates and interest rates, will affect the Corporation's cash flow, income or the value of its financial instruments. The objective of the Corporation's market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Corporation's return.

- *Interest Rate Risk*

  Interest rate risk refers to the risk that the value of the financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. The Corporation mitigates interest rate risk by monitoring interest rates and economic conditions. At December 31, 2015, the Corporation had bank debt and therefore a 1% change in the interest rate on bank debt would have a $308,000 impact on net income for the period.

- *Price Risk*

  Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is subject to price risk through its investments in public companies and holdback consideration liability. A 10% increase in the market price would have decreased net income in the amount of $390,000 for the period from date of incorporation February 4, 2015 to December 31, 2015.

- *Foreign Currency Exchange Rate Risk*

  Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Corporation's foreign currency risk arises from its working capital balances denominated in United States Dollar (USD). Tidewater mitigates foreign currency risk by monitoring exchange rate trends and economic conditions. At December 31, 2015, working capital balances denominated in USD were nominal. A 5% change in foreign exchange rates between the USD and the Canadian Dollar would have a nominal impact on net income for the period from date of incorporation February 4, 2015 to December 31, 2015.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of its liquidity reflects estimates, assumptions and judgements relating to current market conditions. The Corporation anticipates that working capital, cash flow from operations, the Credit Facility and other sources of financing will be sufficient to meet its obligations and financial commitments and will provide sufficient funding for anticipated capital expenditures.

CHANGES IN ACCOUNTING POLICIES

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Standards Interpretations Committee ("IFRIC").

The standard which may be relevant to the Corporation in the future is described below:

- IFRS 9, "Financial Instruments". The comprehensive new standard accounts for all aspects of financial instruments. It includes a logical model for classification and measurement, a single, forward-looking 'expected-loss' impairment model and a substantially reformed approach to hedge accounting. The Corporation has not yet adopted this standard and is evaluating its impact on the consolidated financial statements.

- IFRS 15, "Revenue from Contracts with Customers" is effective January 1, 2018 and will supersede IAS 11 and IAS 18 (and related interpretations including IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31). The new standard moves away from a revenue recognition model based on an earnings process to an approach that is based on transfer of control of a good or service to a customer. The new standard also requires disclosures on the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. The Corporation has not yet adopted this standard and is evaluating its impact on the consolidated financial statements.

- IFRS 16, "Leases" provides a single lease accounting model for lessees, which require the recognition of most leases as finance leases on the balance sheet. This will result in the recognition of a lease liability and a corresponding recognition of a leased asset called right-of-use asset. On the statement of net earnings and comprehensive income, lease expense will be recognized and will consist of two components, depreciation expense of the right-of-use asset and interest expense related to the lease liability. Finance lease exemptions exist for short-term leases where the term is 12 months or less and for leases of low value items. For lessors, the accounting treatment remains the same which provides a lessor the choice of classifying a lease as either a finance or operating lease. IFRS 16 comes into effect on January 1, 2019. The Corporation has not yet adopted this standard and is evaluating its impact on the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

Management is responsible for the accounting estimates included in the Financial Statements. Estimates, and the related judgments and assumptions, are based on Management's knowledge of the business and past experience. Certain accounting estimates are particularly sensitive because they involve a significant degree of judgment and may have a range of possible outcomes. The most significant and sensitive accounting estimates are related to stock-based compensation with regards to the stock options, restricted share units (RSUs) and performance share units (PSUs).

The fair value of each option granted is estimated on the date of grant and that value is recorded as stock-based compensation expense over the vesting period of the grants, with a corresponding increase to employee share reserve less an estimated forfeiture rate. The consideration received by the Corporation on the exercise price of stock options is recorded as an increase to share capital together with corresponding amounts previously recognized in employee share reserve. Forfeitures are estimated based on historical information for each reporting period, and adjusted as required to reflect actual forfeitures that have occurred in the period. In order to record stock-based compensation expense the Corporation estimates the fair value of stock options granted using assumptions related to interest rates, expected lives of the options, volatility of the underlying security, forfeiture rates and expected dividend yields.

The amounts recorded for stock-based compensation expense relating to the fair value of RSUs and PSUs issued are determined at the date of grant using the closing price of the common shares and expected forfeiture rates. In addition, the amounts estimated for long-term incentive compensation incorporate the period end share price, the number of units outstanding at each period end and certain management estimates. Actual amounts settled on redemption may differ from estimates.

NON-GAAP AND ADDITIONAL MEASURES

In the Financial Highlights section of this MD&A, Tidewater has used the following terms that are not defined by GAAP but are used by management to evaluate the performance of the Corporation. Since non-GAAP and additional GAAP measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies, securities regulations require that non-GAAP and additional GAAP measures are clearly defined, qualified and reconciled to their nearest GAAP measure. Except as otherwise indicated, these non-GAAP and additional GAAP measures will be calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods.

The intent of non-GAAP and additional GAAP measures is to provide additional useful information to investors and analysts though the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate these non-GAAP and additional GAAP measures differently.

Earnings before interest, taxes, depreciation, amortization ("EBITDA"), adjusted EBITDA, adjusted EBITDA per common share

EBITDA, Adjusted EBITDA and Adjusted EBITDA per common share are non-GAAP measures. EBITDA is calculated as income or loss before finance costs, taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA adjusted for incentive compensation, unrealized gains/losses, non-cash items 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 periods ended December 31, 2015.

Tidewater Management believes that EBITDA and Adjusted EBITDA provide useful information to investors as they provide 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. Management utilizes Adjusted EBITDA to set objectives and as a key performance indicator of the Corporation's success. In addition to its use by Management, Tidewater also believes Adjusted EBITDA is a measure widely used by securities analysts, investors and others to evaluate the financial performance of the Corporation and other companies in the midstream industry. Investors should be cautioned that EBITDA and Adjusted EBITDA should not be construed as alternatives 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.

(In thousands of Canadian dollars, except per share data)		**For the three month period ending December 31, 2015**		**Period from date of incorporation on February 4, 2015 to December 31, 2015**
Income (loss) for the period	$	8,487	$	8,467
Depreciation		2,175		3,592
Finance costs		539		657
EBITDA	**$**	**11,201**	**$**	**12,716**
Stock-based compensation		646		1,339
Short term compensation		600		600
Other finance costs		166		168
Bargain purchase gain		(5,311)		(5,311)
Loss (gain) on investment		(354)		825
Gain on sale of assets		(56)		(56)
Unrealized loss (gain) on holdback		(130)		611
Transaction costs		339		988
Adjusted EBITDA	**$**	**7,101**	**$**	**11,880**
Adjusted EBITDA per common share – basic and diluted	$	0.04	$	0.14

Cash flow from operating activities, cash flow from operating activities per common share

Cash flow from operating activities and cash flow from operating activities per common share are non-GAAP measures. 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 periods ended December 31, 2015.

Tidewater Management believes cash from operating activities provides comparable information to investors for assessing financial performance as it is an important indicator of an issuer's ability to generate liquidity through operations. Management utilizes cash flow from operating activities to set objectives and as a key performance indicator of the Corporation's success. Investors should be cautioned that cash flow from operating activities and cash flow from operating activities per share should not be construed as alternatives to earnings 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.

(In thousands of Canadian dollars, except per share data)		**Three month period ended December 31, 2015**		**Period from date of incorporation on February 4, 2015 to December 31, 2015**
Net cash used in operating activities	$	(1,690)	$	(5,730)
Changes in non-cash working capital		(7,825)		(15,801)
PSU Plan expenses		(6)		(200)
Cash flow from operating activities	**$**	**6,141**	**$**	**10,271**
Cash flow from operating activities per common share – basic and diluted	$	0.04	$	0.12

Distributable cash flow and distributable cash flow per common share

Distributable cash flow and distributable cash flow per common share are non-GAAP measures. Management believes distributable cash flow is a useful metric for investors when assessing the amount of cash flow generated from normal operations and to evaluate the adequacy of internally generated cash flow to fund dividends. 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. Changes in non-cash working capital are excluded from the determination of distributable cash flow because they are primarily the result of seasonal fluctuations or other temporary changes and are generally funded with short term debt or cash flows from operating activities. Also deducted from distributable cash flow are maintenance capital expenditures, including turnarounds as they are ongoing recurring expenditures and the long-term incentive plan expense, which is funded from operating cash flows. For the period from date of incorporation on February 4, 2015 to December 31, 2015 the Corporation did not incur any maintenance capital expenditures.

Distributable cash flow per common share is calculated as distributable cash flow over the weighted average number of common shares outstanding for the period ended December 31, 2015. Investors should be cautioned that distributable cash flow and distributable cash flow per share should not be construed as alternatives to earnings 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.

(In thousands of Canadian dollars, except per share data)		**Three month period ended December 31, 2015**		**Period from date of incorporation on February 4, 2015 to December 31, 2015**
Net cash used in operating activities	$	(1,690)	$	(5,730)
Changes in non-cash working capital		(7,825)		(15,801)
Distributable cash flow	**$**	**6,135**	**$**	**10,071**
Dividends declared to shareholders	**$**	**1,759**	**$**	**3,507**
Distributable cash flow per common share – basic and diluted	$	0.04	$	0.11

Tidewater expects to pay dividends from distributable cash flow, however Tidewater is entirely dependent upon the operations and its assets to make cash dividends to shareholders. Dividends declared for the three month period ended December 31, 2015 were $1.8 million or 40% of distributable cash flow. Growth capital expenditures will be funded from retained operating cash flow, along with proceeds from additional debt or equity, as required. There is no assurance regarding the amounts of cash to be distributed by Tidewater or generated by Tidewater and therefore, the funds available for distribution to shareholders. The actual amount distributed will depend on a variety of factors, including without limitation, the performance of the Corporation's assets, the effect of acquisitions on Tidewater, and other factors that may be beyond the control of Tidewater. In the event significant capital expenditures are required or the profitability of Tidewater declines, there would be a decrease in the amount of cash available for distribution to shareholders and such decrease could be material. Tidewater's dividend policy is subject to change at the discretion of the board of directors of the Corporation. The actual amount of future dividends is proposed by management and is subject to the approval and discretion of the Board of Directors.   The Board reviews future dividends in conjunction with their review of quarterly financial and operating results.

RISK AND UNCERTAINTIES

The following information describes certain significant risks and uncertainties inherent in the Corporation's business. This section does not describe all risks applicable to the Corporation, its industry or its business, and it is intended only as a summary of certain material risks. If any of such risks or uncertainties actually occur, the Corporation's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking statements included in this MD&A. For a complete list of risks inherent in the Corporation's business, please refer to the Annual Information Form for the period ended December 31, 2015.

Possible Failure to Realize Anticipated Benefits of Recently Completed Acquisitions

Tidewater has recently completed several acquisitions to achieve a variety of benefits, including geographically diversifying its pipeline and midstream infrastructure, gaining access to new and prolific resource plays and augmenting its fee-for-service cash flow stream. Achieving the benefits of such acquisitions depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Tidewater's ability to realize the anticipated growth and development opportunities from the assets underlying such acquisitions. The integration of the assets underlying such acquisitions will require the dedication of considerable management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect Tidewater's ability to achieve the anticipated benefits of its recently completed and proposed acquisitions.

Reliance on Producer Activity and Long Term Declines

The volumes of natural gas processed through Tidewater's NGL midstream infrastructure and logistics business and of NGLs and other products transported in the pipelines depend on production of natural gas in the areas serviced by the business and pipelines. Without reserve additions, production will decline over time as reserves are depleted and production costs may rise.

The Corporation's facilities are located in or depend on the Western Canada Sedimentary Basin. As a mature basin, production is projected to decline over the long term. Although new technology has allowed producers to access and produce reserves that were previously viewed as uneconomic, it is not clear the extent to which such advances in technology will offset the long term overall declines. As well, industry activity levels depend upon economic and regulatory conditions that permit and incent producers to explore for and develop reserves. Producers may shut in production at lower product prices or higher production costs. Producers in the areas serviced by the business may not be successful in exploring for and developing additional reserves, and the gas plants and the pipelines may not be able to maintain existing volumes of throughput. Commodity prices may not remain at a level which encourages producers to explore for and develop additional reserves or produce existing marginal reserves. Lower production volumes will also increase the competition for natural gas supply at gas processing plants which could result in higher shrinkage premiums being paid to natural gas producers. The Corporation cannot predict the impact of future economic conditions on the energy and petrochemical industries or future demand for and prices of natural gas, NGLs, crude oil and other products. These and other factors such as higher development costs or royalties, global and North American commodity inventory levels and infrastructure constraints may discourage further producer exploration and development. A reduction in exploration and development activities could result in declines in throughput at gas plants, pipelines and NGL processing facilities.

The rate and timing of production from proven natural gas reserves tied-in to the gas plants are at the discretion of the producers and are subject to regulatory constraints. The producers have no obligation to produce natural gas from these lands. Producers may suspend their drilling programs or shut in production as a result of lower product prices or higher production costs.

Tidewater's NGL midstream infrastructure and logistics business is connected to various third party trunkline systems. Operational disruptions or apportionment on those third party systems may prevent the full utilization of the business.

Over the long term, business will depend, in part, on the level of demand for NGLs and natural gas in the geographic areas in which deliveries are made by pipelines and the ability and willingness of shippers having access or rights to utilize the pipelines to supply such demand. Tidewater cannot predict the impact of future economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel economy and energy generation devices, all of which could reduce the demand for natural gas and NGLs.

Operational Hazards

While the Corporation strives to operate its facilities responsibly and in compliance in all material respects with all environmental and health and safety requirements, it may face expenses and liabilities as a result of its past or future operations. Some risk of environmental costs and liabilities is inherent in the Corporation's operations and products, as it is with other companies engaged in similar businesses. The operation of gas processing plants and terminals involves many risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. These hazards can cause personal injury or death, severe damage to and destruction of property and equipment and environmental damage. Furthermore, the Corporation and its customers also have exposure to present and future claims with respect to workplace exposure, workers' compensation and other matters. There can be no assurance as to the actual amount of these potential liabilities or the timing thereof. The occurrence of material operational problems, including, but not limited to, the above events, may have a material adverse effect on the Corporation's business, financial condition and results of operations.

To mitigate these operational and environmental risks, the Corporation provides training to its employees, maintains written standard operating practices, formally assesses and documents employee competency, and maintains formal inspection, maintenance, safety and environmental programs. In addition, the Corporation carries casualty and business interruption insurance, although there can be no assurance that the proceeds of such insurance will compensate the Corporation fully for any losses, nor can it be assured that such insurance will be available in the future.

Decommissioning, Abandonment and Reclamation Costs

The Corporation is responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of its sites at the end of their economic life, the costs of which may be substantial. For property owned, the Corporation is responsible for the remediation of soil or groundwater contamination which is attributable to the operation and as required under the applicable regulations at the time of decommissioning of the site. In the case of leased properties, the land lease agreements indicate what responsibilities the Corporation has for remediation when the land is returned to the owner. When the environmental issues at a production facility or terminal change (for example, a remediation project is completed or new issues are identified), the environmental provision is adjusted to reflect the current situation at that site. It is not possible to predict these costs with certainty since they are a function of regulatory requirements at the time of decommissioning, abandonment and reclamation.

Environmental Matters

The Corporation's operations are subject to numerous federal, provincial, state, municipal and local environmental laws and regulations in Canada and the U.S. concerning, among other things, emissions into the air; discharges into waters; the generation, handling, storage, transportation, treatment and disposal of waste, hazardous substances and other materials; decommissioning of underground and aboveground storage tanks; and soil and groundwater contamination. A risk of environmental liability is inherent in railroad and related transportation operations and other commercial activities of the Corporation. As a result, the Corporation incurs significant risks associated with environmental regulatory compliance and clean-up requirements in its railroad shipping.

In railroad and related transportation operations, it is possible that derailments or other accidents, including spills and releases of hazardous materials, may occur that could cause harm to human health or to the environment. In addition, the Corporation is also exposed to potential catastrophic liability risk, faced by the railroad industry generally, in connection with the transportation of toxic inhalation hazard materials such as NGLs, or other dangerous commodities like propane that the Corporation may transport. Therefore, the Corporation may incur costs in the future, which may be material, to address any such harm, compliance with laws or other risks, including costs relating to the performance of clean-ups, payment of environmental penalties and remediation obligations, and damages relating to harm to individuals or property.

The environmental liability for any given contaminated site varies depending on the nature and extent of the contamination; the available clean-up techniques; evolving regulatory standards governing environmental liability; and the number of potentially responsible parties and their financial viability. As such, the ultimate cost of addressing known contaminated sites cannot be definitively established. Also, additional contaminated sites yet unknown may be discovered or future operations may result in accidental releases.

While some exposures may be reduced by the Corporation's risk mitigation strategies (including periodic audits, employee training programs and emergency plans and procedures), many environmental risks are driven by external factors beyond the Corporation's control or are of a nature which cannot be completely eliminated. Therefore, there can be no assurance, notwithstanding the Corporation's mitigation strategies, that liabilities or costs related to environmental matters will not be incurred in the future or that environmental matters will not have a material adverse effect on the Corporation's results of operations, financial position or liquidity, and reputation in a particular quarter or fiscal year.

Transportation of Dangerous Goods

The Corporation's operations include rail loading, offloading and terminalling facilities used to transport various petroleum products. These petroleum products are considered dangerous goods under

Transportation of Dangerous Goods (“TDG”) laws. The volume of product shipped and the number of rail cars loaded at the Corporation’s facilities has continued to increase over the years. When the Corporation loads petroleum products, it may be considered the consignor, in which case it has specific responsibilities under the TDG laws, including the responsibility to ensure that the product is properly classified, the shipment is properly labelled and the product is loaded in an appropriate tank. The Corporation also owns and operates rail infrastructure and must comply with applicable laws (including TDG laws) relating to the maintenance and inspection of these facilities. The Corporation may face liability for personal injuries, damage to property, environmental damage, lost product in the event of an incident involving rail cars loaded by the Corporation, where the Corporation is the consignor or importer of the product, where the Corporation owns the product that is involved in an incident, or where an incident occurs on the Corporation’s proprietary rail infrastructure. In addition, the Corporation may be exposed to regulatory action in the event that it fails to comply with TDG laws.

The Corporation regularly assesses the risks associated with the transportation of dangerous goods. The risk mitigation measures that the Corporation employs, include: training programs for operational and logistics staff; adoption of general and site-specific procedures for loading/unloading, infrastructure maintenance, testing and product classification; leasing rail cars that comply with current regulatory requirements; engaging with industry associations and regulatory agencies; periodically auditing operations and logistics practices; reviewing insurance requirements and securing appropriate coverage; hiring specialists as appropriate to assist. There is no guarantee that these mitigation measures will be effective.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively, “forward-looking statements”). Such forward-looking statements relate to possible events, conditions or financial performance of the Corporation based on future economic conditions and courses of action. All statements other than statements of historical fact are forward-looking statements. The use of any words or phrases such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “will likely result”, “are expected to”, “will continue”, “is anticipated”, “believes”, “estimated”, “intends”, “plans”, “projection”, “outlook” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this MD&A should not be unduly relied upon by investors.