
Bri-Chem Announces Third Quarter 2015 Results

Edmonton, Canada, November 10, 2015 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY), a leading North American wholesale distributor and manufacturer of oil and gas drilling fluids today announced its third quarter financial results. Bri-Chem continued to drive ahead on several key initiatives to confront the challenges from the sustained low commodity price environment that continues to significantly impact our industry in the third quarter of 2015. We have successfully focused on driving structural changes to our business model to improve efficiency and reduce our overall cost structure. The results for the third quarter of 2015 demonstrate that our infrastructure right sizing initiatives can position the Company to produce positive cash flows, at current oil and gas prices and activity levels, and has placed Bri-Chem in a significantly better operating position heading into Q4 and fiscal 2016.

During the third quarter, we:

- Reduced inventory by \$5.2 million (\$17.5 million year to date);
- Reduced senior operating debt by \$2.7 million (\$19.4 million year to date);
- Reduced annualized operating expenses by \$0.7 million (\$2.9 million year to date);
- Consolidated one North American warehouse location (4 year to date) and three office locations;
- Identified additional workforce reductions and implemented them in early September, resulting in an additional 10% reduction of our workforce in 2015;
- Implemented another round of right-sizing initiatives in September that will provide Bri-Chem with approximately \$1.2 million of additional annual savings. We have now successfully reduced 2015 annualized fixed costs by approximately \$4.4 million heading into fiscal 2016;
- Reinforced our competitive advantage by continuing to deliver consistent and reliable high value services to our customers across North America; and
- Managed our liquidity and began to re-focus activities on cash flow generation.

Bri-Chem's consolidated revenues from continuing operations for the third quarter of 2015 was \$27,494,615 compared to \$53,283,129 from the prior period in 2014, a decrease of 48.4%. This quarter-over-quarter revenue decrease is a direct result of the decline in fiscal 2015 drilling activity throughout North America which continued into Q3. Consolidated revenues from continuing operations for the nine months ended September 30, 2015 were \$75,314,368 compared to \$134,416,336 for the comparable period in 2014, a decrease of 44.0%.

Earnings before interest, taxes, amortization and depreciation, and share-based payments expense ("EBITDA") was \$2,339,072 or \$0.10 per share and \$2,934,832 or \$0.12 per share respectively for the three and nine month periods ended September 30, 2015, compared to \$6,460,579 and \$11,346,886 respectively for the same periods in 2014. EBITDA, excluding a foreign exchange gain of \$1,237,337, was \$1,101,735 for the three months ended September 30, 2015, which is a decrease of \$3,784,463, net of foreign exchange gains, for the same period in 2014. Net earnings for the three month period was \$351,479 or \$0.01 diluted earnings per share and net loss of \$984,329 or \$0.04 diluted loss per share for the nine months ended September 30, 2015 as compared to net earnings of \$3,355,881 from continuing

operations and net earnings from continuing operations of \$4,480,567 respectively for the same periods in 2014.

North American Drilling Fluids Distribution Divisions

Bri-Chem's Canadian drilling fluids distribution division sales were \$8,911,125 and \$22,732,810 for the three and nine months ended September 30, 2015, compared to sales of \$23,122,393 and \$61,336,517 over the comparable periods in 2014. In the Western Canadian Sedimentary Basin ("WCSB"), active drilling rigs in the third quarter of 2015 were down approximately 51.3% over the prior year's third quarter, averaging 183 compared to 377 for the same period in 2014. For the first nine months of 2015 the WCSB had 176 less rigs operating on average compared to the same nine months of 2014, a decrease of approximately 48.1%. In the third quarter of 2015, industry drilling utilization rates averaged 24.2%, representing a decrease in utilization rates of 23.5% from the same period last year when drilling rig activity averaged 47.7%. The number of wells drilled in Q3 2015 in Western Canada was 1,166, compared to the 3,022 wells drilled in Q3 2014, representing a decrease of 61.4% quarter over quarter.

Bri-Chem's United States drilling fluids distribution division generated sales of \$12,913,842 and \$36,990,325 for the three and nine month periods ended September 30, 2015, compared to revenues of \$21,155,073 and \$51,841,195 in the comparable periods of 2014, representing decreases of \$8,241,231 or 39% quarter over quarter, while decreasing 28.6% year over year. The decline in revenue is due to a 43.0% reduction in the USA rig count for the nine months of 2015 as the average number of active rigs running during the nine months of 2015 was 1,051 compared to 1,843 for the same comparable period in 2014.

North American Drilling Fluids Blending & Packaging Divisions

Bri-Chem's Canadian fluids blending and packaging division generated sales of \$4,171,850 and \$11,204,564 for the three and nine month periods ended September 30, 2015, compared to revenues of \$6,460,543 and \$14,754,038 in the comparable periods of 2014, representing decreases of 35.4% quarter over quarter and 24.1% year over year. As discussed above, this decrease is due to considerable decline in drilling activity in 2015 resulting from the significant decrease in crude oil and natural gas prices.

Bri-Chem's USA fluids blending and packaging division, generated sales of \$1,497,798 and \$4,386,669 for the three and nine month periods ended September 30, 2015 compared to \$2,545,120 and \$6,484,586 representing decreases of 41.2% and 32.4% respectively.

Outlook Summary

With the persistent industry downturn of drilling activity experienced in 2015, there remains a fair amount of uncertainty as to the duration of the commodity price volatility, which in turn will continue to put strain on drilling activity throughout North America. Although many capital projects have been delayed or cancelled as a result of the industry downturn, which impacts the demand for drilling fluid products, Bri-Chem has successfully maintained its national distribution infrastructure which has reinforced our competitive advantage to our customers in the marketplace. In addition, management has continued to implement more cost saving initiatives in Q3 which will now result in annualized fixed cost savings of approximately \$4.4 million. Since the beginning of the year, Bri-Chem has also decreased

its inventory levels by \$17.5 million and has reduced its senior debt by \$19.4 million. Over the medium to longer term, the Company is positioned to manage through this industry downturn given its solid customer relationships, diverse geographic product offering, and low operating overheads.

The Petroleum Services Association of Canada (PSAC) has forecasted total of 1,238 wells to be drilled in Canada for the fourth quarter of 2015, a decrease of 59.3% over the prior year fourth quarter. In addition, PSAC has also forecasted 5,146 wells to be drilled in Canada for 2016, which is a 3.6% decrease from 2015. The number of rigs operating in the USA is expected to weaken in the fourth quarter as supply gluts continue to lower drilling activity in all the major resource play in the USA.

Management's strategy in the current environment is to preserve working capital, pay down debt amidst an aggressive inventory reduction program and maintain flexibility to be able to respond to opportunities that are presented when the market does recover. With minimum capex requirements, the Company will continue to provide superior customer performance while maintaining its corporate "Right-Sizing" and "Debt-Reduction" initiatives. Overall, Bri-Chem's exceptional industry infrastructure located throughout Canada and the U.S., its diversified product mix and blending services, blue chip customer base, and low cost and highly scalable business model, collectively, will serve to be a valuable contributor to many customers throughout North America during this difficult period and will benefit significantly when the market returns to more reasonable levels.

About Bri-Chem

Bri-Chem has established itself, through a combination of strategic acquisitions and organic growth, as the North American industry leader for wholesale distribution and blending of oilfield drilling, completion, stimulation and production chemical fluids. We sell, blend, package and distribute a full range of drilling fluid products from 27 strategically located warehouses throughout Canada and the United States. Additional information about Bri-Chem is available at www.sedar.com or at Bri-Chem's website at www.brichem.com.

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