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## Bri-Chem Announces Third Quarter 2016 Financial Results

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**Acheson, Canada, November 9, 2016 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY),** a leading North American wholesale distributor and manufacturer of oil and gas drilling fluids today announces its financial results for the third quarter of 2016. During the third quarter of 2016, industry activity levels began to show signs of a modest recovery as the USA active rig count reached 497 active rigs by the end of the third quarter, up from 391 active rigs in late April, and Canada, increased from 57 active rigs in late Q2 2016 to approximately 144 active rigs as at September 30, 2016. Bri-Chem was also pleased to announce that during Q3 2016 it renewed its senior credit facilities until August 12, 2017 and has reduced its senior operating debt to \$11 million as at September 30, 2016.

Bri-Chem's consolidated revenues from its North American oil and gas drilling fluids distribution, blending and packaging businesses was \$16,999,434 compared to \$27,494,615 from the same prior period in 2015. This quarter-over-quarter revenue decrease is a direct result of the continued year over year decline in oil and gas drilling activity throughout North America. The Company generated \$39,993,727 in revenues for the nine months ended September 30, 2016 compared to sales of \$75,314,368, representing a decrease of 46.9% year over year. Earnings before interest, taxes, amortization and depreciation, share-based payments expense, and impairment charges ("EBITDA") were \$99,132 and (\$2,238,151) for the three and nine months ended September 30, 2016, compared to \$2,339,072 and \$2,934,832 for the same periods in 2015. Net loss for the three month period was \$688,631 compared to net earnings of \$351,479 for the same period of 2015, while net loss for the nine month period was \$4,223,036 compared to a net loss of \$984,329 for the same period of 2015.

### ***North American Drilling Fluids Distribution Divisions***

Bri-Chem's Canadian drilling fluids distribution division generated sales of \$6,008,247 and \$12,825,760 for the three and nine months ended September 30, 2016, compared to sales of \$8,911,125 and \$22,732,810 over the comparable periods in 2015. Sales were affected by the overall continued decline in drilling activity and a marginal summer drilling program. Furthermore, with continued weak oil prices, many companies remain cautious and are not commencing drilling projects until commodity prices become more favorable. The number of wells drilled in Western Canada for the three month period ended September 30, 2016 were 1,135, representing a decrease of 2.7% quarter over quarter.

Bri-Chem's United States drilling fluids distribution division generated sales of \$7,204,433 and \$16,120,149 for the three and nine month periods ended September 30, 2016, compared to revenues of \$12,913,842 and \$36,990,325 in the comparable periods of 2015, representing decreases of 44.2% and 56.4%. The average number of active rigs running in the USA during the third quarter of 2016 was 480, a decrease of 44.6% quarter over quarter.

## ***North American Drilling Fluids Blending & Packing Divisions***

Bri-Chem's Canadian drilling fluids blending and packaging division generated sales of \$3,062,238 and \$7,728,671 for the three and nine months ended September 30, 2016 compared to the prior year period sales of \$4,171,850 and \$11,204,564 representing a 26.6% decrease quarter over quarter and 31.0% decrease year over year.

Bri-Chem's USA fluids blending and packaging division, generated sales of \$724,516 for the three month period ended September 30, 2016, while reporting sales of \$3,319,147 for the nine months of 2016 compared to \$1,497,798 and \$4,386,669 for the same comparable periods in 2015.

### ***Outlook Summary***

North American oil and gas drilling activity levels, throughout 2016, continued to decline year over year, however, the industry did experience a modest increase in quarter over quarter activity levels as commodity prices have rebounded from their Q1 2016 lows and oil and gas companies have cautiously increased drilling activity as a result. We expect a continued modest increase in North American activity levels for Q4 2016 and into Q1 2017, although the remainder of 2017 remains difficult to predict in light of the continued volatility of commodity prices. Steps will continue to be implemented to right-size the Company's operations in all business segments in response to customer demand.

It is the Company's view that further development of increased crude oil transportation capacity, through proposed pipeline expansion to tidewater, is required in order for Canada to have any profound increase to its future oilfield activity levels. The oilfield activity levels in the USA has seen a recent rebound from their historic lows and we expect this trend to continue so long as commodity prices remain at or near current levels. Bri-Chem has been proactive in response to the reduction of North American business activity and has successfully implemented rolling changes to "Right-Size" its business and control costs. These initiatives together with our inventory and debt reduction strategies will continue to be evaluated based on current and projected business activity levels.

Overall, Bri-Chem's management team has experienced several business cycles and understands what is needed to effectively manage the business through an industry downturn. We understand the importance of cost management and reducing our debt during these challenging times. With minimum capex requirements, the Company will continue to provide superior customer performance while maintaining its corporate "Right-Sizing" and "Debt-Reduction" initiatives.

### **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 24 strategically located warehouses throughout Canada and the United States. Additional information about Bri-Chem is available at [www.sedar.com](http://www.sedar.com) or at Bri-Chem's website at [www.brichem.com](http://www.brichem.com).

To receive Bri-Chem news updates send your email to [ir@brichem.com](mailto:ir@brichem.com).

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