

## BRI-CHEM ANNOUNCES 2017 THIRD QUARTER FINANCIAL RESULTS

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Edmonton, Canada, November 8, 2017 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY), a leading North American wholesale distributor and manufacturer of oil and gas drilling fluids is pleased to announce its third quarter financial results.

### SELECTED FINANCIAL AND OPERATIONAL INFORMATION

In \$'000s (except per share amounts)	For the three months ended				For the nine months ended			
	September 30,		Change		September 30		Change	
	2017	2016	\$	%	2017	2016	\$	%
<b>Revenue</b>	\$ 30,542	\$ 16,999	\$ 13,543	80%	\$ 88,293	\$ 39,994	\$ 48,299	121%
<b>Operating income (loss)</b>	1,935	(448)	2,383	532%	4,227	(3,076)	7,303	237%
<b>EBITDA<sup>(1)</sup></b>	2,337	99	2,238	2261%	5,158	(2,238)	7,396	330%
<b>EBITDA as a percentage of revenue<sup>(1)</sup></b>	8%	1%	-	7%	6%	(6%)	-	12%
<b>Net Earnings (loss)</b>	921	(689)	1,610	234%	1,352	(4,223)	5,575	132%
<b>Per Share Data (Diluted)</b>								
EBITDA	\$ 0.10	\$ 0.00	\$ 0.10	(2467%)	\$ 0.22	\$ (0.09)	\$ 0.31	328%
Net Earnings (Loss)	\$ 0.04	\$ (0.03)	\$ 0.07	232%	\$ 0.06	\$ (0.18)	\$ 0.24	132%
<b>Shares Outstanding</b>								
Basic	23,632,981	23,632,981			23,632,981	23,632,981		
Diluted	23,962,981	23,632,981			23,932,981	23,632,981		
<b>Financial Position</b>								
Total Assets	\$ 74,406	\$ 65,578	\$ 8,828	13%				
Working Capital	15,282	13,793	1,489	11%				
Long-term debt	179	246	(67)	(27%)				
Shareholders Equity	28,700	28,273	427	2%				

### Q3 HIGHLIGHTS

Key Q3 & YTD 2017 highlights include:

- Bri-Chem generated consolidated revenues of \$30.5 million, an increase of 80% from the third quarter in 2016, resulting primarily from higher business activity levels throughout North America;
- Third quarter revenue increased by 100% in the Canadian fluids distribution division and the USA fluids distribution and blending and packaging divisions were up 90% and 94% respectively over the third quarter of 2016;
- Operating income was \$1.9 million and \$4.2 million for the three and nine months ended September 30, 2017 compared to negative \$0.5 million and negative \$3.1 million in the same comparable periods, representing a 532% and 237% increase;
- EBITDA was \$2.3 million and \$5.2 million respectively for the three and nine months ended September 30, 2017 versus \$0.1 million and negative \$2.2 million in the comparable periods in 2016. The increases of 2,261% and 330% are as a result of significantly improved drilling activity throughout our business segments in third quarter and year to date in North America;
- Bri-Chem reported net earnings of \$0.9 million or \$0.04 diluted earnings per share compared to a net loss of \$0.7 million or \$0.03 diluted loss per share in 2016, while year to date, the Company reported net earnings of \$1.4 million or \$0.06 earnings per share compared to a net loss of \$4.2 million or \$0.09 loss per share for the same period in 2016;

- Working capital as at September 30, 2017, was \$15.3 million compared to \$13.8 million at December 31, 2016. The Company's current ratio (defined as current assets divided by current liabilities) was 1.33 to 1 compared to 1.37 to 1 at December 31, 2016; and
- The Company announced on November 7, 2017 that it has reached an agreement with the Canadian Imperial Bank of Commerce ("CIBC") to increase its Asset Based Lending Facility ("ABL Facility") from \$25 million to \$35 million and extend the term of the ABL facility for a period of three years to November 2020. In addition, the Company has also refinanced its current subordinate debt loan with a new five year term loan with GreyPoint Capital Inc.

*Summary for the three and nine months ended September 30, 2017:*

The summer drilling program in Western Canada rebounded from their lows of the past two years which resulted stronger sales in Canada during the third quarter while drilling activity remained consistent in the USA which drove increased year over year revenue growth for the Company in the third quarter. Canada experienced 190 average active rigs during the third quarter of 2017, an increase of 71% over the prior year quarter, while the active USA rig count increased 97% over the same period with 947 average active rigs operating in Q3 2017. Activity levels throughout Canada and USA have shown stabilization from the recent lows of 2016 as commodity prices have rebounded from their lows and appear to be also stabilizing. With better technology in the field, companies are able to lower their cost of production which has driven increased drilling activity in 2017. Bri-Chem's three and nine month ended September 30, 2017 consolidated revenues from its North American oil and gas drilling fluids distribution, blending and packaging businesses were \$30.5 million and \$88.3 million compared to \$17 million and \$40 million in the same prior periods in 2016. These increases in quarterly and year to date revenues are a direct result of an increase in oil and gas drilling activity throughout North America and a stronger summer drilling program in Western Canada.

Bri-Chem's Canadian drilling fluids distribution division generated sales of \$12 million and \$35.1 million for the three and nine months ended September 30, 2017, compared to sales of \$6 million and \$12.8 million over the comparable periods in 2016. Q3 2017 and year to date sales were strengthened by the continued increase in drilling activity, with a significant recovery in summer drilling activity. The number of wells drilled in Western Canada for the three month period ended September 30, 2017 was 1,983 representing an increase of 75% over the comparable quarter in 2016. The number of wells drilled for the nine months of 2017 were 5,265 compared to 2,536 for the same period in 2016, an increase of 108%. Bri-Chem's United States drilling fluids distribution division generated sales of \$13.7 million and \$38.7 million for the three and nine month periods ended September 30, 2017, compared to revenues of \$7.2 million and \$16.1 million in the comparable periods of 2016, representing increases of 90% and 140% respectively.

Bri-Chem's Canadian drilling fluids blending and packaging division generated sales of \$3.4 million and \$11.3 million for the three and nine months ended September 30, 2017 compared to the prior year sales of \$3.1 million and \$7.7 million respectively, representing a 13% increase quarter over quarter and a 46% year over year increase. This increase is directly related to higher customer demand for blending services as a result of the increase in drilling activity throughout 2017. Bri-Chem's USA fluids blending and packaging division, generated sales of \$1.4 million and \$3.2 million for the three and nine month periods ended September 30, 2017, compared to \$0.7 million and \$3.3 million for the comparable periods in 2016.

Operating income this quarter was \$1.9 million compared with an operating loss of \$0.5 million in the third quarter of 2016. Operating results this quarter were positively impacted by the increased activity levels throughout our North American business segments and a stronger summer drilling program in Western Canada.

EBITDA was \$2.3 million for the three months ended September 30, 2017 compared to \$0.1 million in the same comparable prior year period; an increase of \$2.2 million quarter over quarter or 2,261%. EBITDA for the nine months of 2017 was \$5.2 million or 6% of sales compared to negative EBITDA of \$2.2 million or negative 6% for the same period of 2016. The Company had net earnings of \$0.9 million for the quarter ended September 30, 2017 compared to net loss of \$0.7 million in the same prior year period. For the nine months ended June 30, 2017, the Company had net earnings of \$1.4 million compared to a net loss of \$4.2 million from the comparable prior year period.

## OUTLOOK

Northern American oil and gas drilling activity levels throughout 2017 have increased and recovered from their lows in 2016, and we expect activity levels to remain at or near current levels for fiscal 2018. We are cautiously optimistic about activity levels in the fourth quarter of 2017, as many drilling companies are nearing completion of their capital spend for fiscal 2017, which could trigger a marginal reduction in drilling activity during the fourth quarter of 2017. PSAC has forecasted 2,153 wells to be drilled in Western Canada for the fourth quarter of 2017, representing a 45% increase over the fourth quarter of 2016. Furthermore, PSAC is forecasting 7,889 wells to be drilled in Western Canada for 2018, an increase of 4% over 2017. This modest increase is expected to have a positive impact on the demand for drilling fluids and is anticipated to drive more demand for our drilling fluid products in 2018. While the USA drilling market is showing signs of a small reduction in active rigs operating in the fourth quarter of 2017, we feel that drilling activity levels will remain consistent to that of 2017 or marginally improve in 2018. We also intend to look at expanding deeper into certain active resource plays in the USA drilling market, so we can continue to expand our growing client base and secure more overall market share.

As a result of the closing of our recently announced agreements to renew and increase our senior operating facility and refinance our current subordinated debt with our new committed five year term debt, our overall financial position has now been solidified and we can focus on growing our business. As activity levels continue to improve over the medium term, we will seek new growth opportunities while remaining committed to providing superior customer service while having sufficient inventory levels to meet the demand of our customers through our unmatched North American warehouse distribution network.

### 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 28 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).

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