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## Bri-Chem Announces Fourth Quarter 2016 And Year End Results

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**Edmonton, Canada, March 29, 2016 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY)**, a leading North American wholesale distributor and manufacturer of oil and gas drilling fluids announced its fourth quarter and yearend financial results. During the fourth quarter of 2016, drilling activity levels continued to show signs of recovery as the active USA rig count increased 106 rigs on average from the third quarter, while Canada increased from 144 average active rigs in the third quarter to 172 average active rigs for the fourth quarter of 2016. The Q4 2016 increase in drilling activity resulted in a 23% increase in quarterly revenues and a \$1.57M increase in quarterly EBITDA as compared to Q3 2016. As a result of the increase in recent activity levels, the Company, subsequent to year end, obtained an increase of \$5,000,000 in credit available under its ABL facility and no further amendments were made to the sub-debt loan which matures effective November 2017.

Bri-Chem's Q4 2016 consolidated revenues from its North American oil and gas drilling fluids distribution, blending and packaging businesses was \$22,097,598 compared to \$21,507,712 in the same prior period in 2015. This comparable quarter revenue increase is a direct result of an increase in oil and gas drilling activity throughout North America. The Company generated \$62,091,325 in revenues for the year ended December 31, 2016 compared to sales of \$96,822,080, representing a decrease of 36% year over year. Earnings before interest, taxes, amortization and depreciation, share-based payments expense, and impairment charges ("EBITDA") were \$1,244,236 and (\$955,696) for the three and twelve months ended December 31, 2016, compared to (\$5,695,852) and (\$2,761,020) for the same periods in 2015. Net loss for the three month period was \$2,570,028 compared to net loss of \$13,373,037 for the same period of 2015, while net loss for the twelve month period was \$6,793,064 compared to a net loss of \$14,357,367 for the same period of 2015.

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

Bri-Chem's Canadian drilling fluids distribution division generated sales of \$9,551,720 and \$22,377,480 for the three and twelve months ended December 31, 2016, compared to sales of \$6,873,850 and \$29,606,959 over the comparable periods in 2015. 2016 sales were affected by the overall continued decline in drilling activity, while the industry did see a modest recovery in rig activity late in Q4 2016, which led to a 39% increase in sales quarter over quarter. With continued unstable 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 December 31, 2016 was 1,483, representing an increase of 17% quarter over quarter.

Bri-Chem's United States drilling fluids distribution division generated sales of \$8,565,823 and \$24,685,969 for the three and twelve month periods ended December 31, 2016, compared to revenues of \$8,995,967 and \$45,986,292 in the comparable periods of 2015, representing decreases of 5% and 46% respectively. The average number of active rigs running in the USA during the fourth quarter of 2016 was 586, a decrease of 22% from comparable quarters. The decline in 2016 revenue is primarily driven by a

reduction in drilling activity as the average number of active rigs running in 2016 was 560 compared to 1022 in 2015, a decrease of 45.2%.

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

Bri-Chem's Canadian drilling fluids blending and packaging division generated sales of \$3,434,795 and \$11,163,466 for the quarter and year ended December 31, 2016 compared to the prior year period sales of \$4,119,208 and \$15,323,772 representing a 17% decrease quarter over quarter and 27% decrease year over year. This decrease is directly related to lower customer demand for blending services as a result of the significant decline in drilling activity throughout 2016.

Bri-Chem's USA fluids blending and packaging division, generated sales of \$545,263 for the three month period ended December 31, 2016, while reporting sales of \$3,864,411 for the year of 2016 compared to \$1,518,688 and \$5,905,357 respectively for the comparable periods in 2015.

### **Outlook Summary**

Bri-Chem is more optimistic about its future prospects than a year ago as various industry benchmarks and recent activity levels signal improved industry stability for the medium to long-term. North American oil and gas drilling activity levels, throughout 2016, continued to decline year over year, however, the industry did experience a healthy increase in activity levels in Q4 2016, compared to Q3 2016, as commodity prices have rebounded from their 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 into Q1 2017 with PSAC forecasting the number of wells to be drilled in Western Canada to increase by 25.6% in 2017.

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 have 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 recent increase in North American business activity and has successfully managed to supply and service its customers during this recent surge in demand for oilfield chemicals.

As activity levels continue to improve over the short to medium term, we remain committed to providing superior customer service, having sufficient inventory levels to meet demand of our customers while maintaining our North American exceptional industry infrastructure located throughout Canada and the U.S. We will serve to be a valuable contributor to many of our customers throughout North America and will benefit appreciably when the market returns to more reasonable and stable levels as observed in Q4 2016.

### **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](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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