

Bri-Chem Announces First Quarter 2017 Financial Results

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Edmonton, Canada, May 11, 2017 – 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 first quarter financial results.

SELECTED FINANCIAL AND OPERATING INFORMATION

<i>In \$'000s</i> (except per share amounts)	For the three months ended			
	March 31,		Change	
	2017	2016	\$	%
Revenue	\$ 33,990	\$ 14,821	\$ 19,169	129%
Operating income (loss)	1,848	(1,211)	3,059	253%
EBITDA⁽¹⁾	2,036	(1,394)	3,430	246%
EBITDA as a percentage of revenue⁽¹⁾	6%	(9%)	-	164%
Net Earnings (loss)	681	(2,098)	2,779	132%
Per Share Data (Diluted)				
EBITDA	\$ 0.09	\$ (0.06)	\$ 0.15	261%
Net Earnings (Loss)	\$ 0.03	\$ (0.09)	\$ 0.12	132%
Shares Outstanding				
Basic	23,623,981	23,623,981		0%
Diluted	23,923,981	23,623,981		0%
Financial Position				
Total Assets	\$ 70,434	\$ 64,371	\$ 6,063	9%
Working Capital	15,048	22,884	(7,836)	(34%)
Long-term debt	9,266	8,716	550	6%
Shareholders Equity	28,999	33,101	(4,102)	(12%)

Q1 HIGHLIGHTS

Key Q1 2017 highlights include:

- Bri-Chem generated consolidated revenue of \$33.9 million, an increase of 129% from the first quarter in 2016, resulting primarily from higher business activity levels throughout North America;
- Revenue increased by 200% and 68% in the Canadian fluids distribution and blending divisions respectively and the USA fluids distribution division was up 148% over the first quarter of 2016;
- Operating income was \$1.8 million for the three months ended March 31, 2017 compared to negative \$1.2 million in Q1 2016, representing a 253% increase;
- EBITDA was \$2.0 million versus negative \$1.4 million in the comparable period in 2016. This 246% increase is mainly due as a result of significantly improved drilling activity throughout our business segments in North America;
- Bri-Chem reported net income of \$0.681 million or \$0.03 per share diluted compared to a net loss of \$2.1 million or \$0.09 loss per share diluted in 2016, representing a 132% increase;

- Working capital, as at March 31, 2017, was \$15.0 million compared to \$12.7 million at December 31, 2016. The Company's current ratio (defined as current assets divided by current liabilities) was 1.37 to 1 compared to 1.33 to 1 as at December 31, 2016; and
- The Company reached an agreement with its lenders to increase its Asset Based Loan facility by \$5 million in credit available under its ABL facility and no further amendments were made to the sub-debt loan which matures effective November 2017.

Summary for the three months ended March 31, 2017:

During the first quarter of 2017, drilling activity levels continued to show signs of recovery throughout North America as Canada experienced 252 average active rigs during the first quarter of 2017, an increase of 65% over the prior year quarter, while the active USA rig count increased 33% over the same period with 739 active rigs operating in Q1 2017. Bri-Chem's Q1 2017 consolidated revenues from its North American oil and gas drilling fluids distribution, blending and packaging businesses was \$33.9 million compared to \$14.8 million in the same prior period in 2016. This comparable quarter revenue increase is a direct result of an increase in oil and gas drilling activity throughout North America and a delay to the start of spring break up in Western Canada.

Bri-Chem's Canadian drilling fluids distribution division generated sales of \$16 million for the three months ended March 31, 2017, compared to sales of \$5.4 million over the comparable period in 2016. Q1 2017 sales were strengthened by the continued increase in drilling activity, with a significant recovery in winter drilling activity. The number of wells drilled in Western Canada for the three month period ended March 31, 2017 was 2,264, representing an increase of 111% over the comparable quarter in 2016. Bri-Chem's United States drilling fluids distribution division generated sales of \$12.2 million for the three month period ended March 31, 2017, compared to revenues of \$4.9 million in the comparable period of 2016, representing an increase of 148%.

Bri-Chem's Canadian drilling fluids blending and packaging division generated sales of \$5.2 million for the quarter ended March 31, 2017 compared to the prior year quarter sales of \$3.1 million representing a 68% increase quarter over quarter. This increase is directly related to higher customer demand for blending services as a result of the increase in drilling activity throughout quarter. Bri-Chem's USA fluids blending and packaging division, generated sales of \$586,145 for the three month period ended March 31, 2017, compared to \$1.5 million for the comparable period in 2016.

Operating income this quarter was \$1.8 million compared with an operating loss of \$1.2 million in the first quarter of 2016. Operating results this quarter were positively impacted by the increased activity levels throughout our North American business segments. EBITDA was \$2.0 million for the three months ended March 31, 2017 compared to negative \$1.4 million in the same comparable prior year period; an increase of \$3.4 million quarter over quarter or 246%. The first quarter EBITDA as a percentage of sales was 6% compared to negative 9% from the prior year quarter. The Company had net earnings of \$680,762 for the quarter ended March 31, 2017 compared to net loss of \$2.1 million in the same prior year period. The first quarter earnings as a percentage of sales was 2% compared to negative 14% from the prior year quarter.

OUTLOOK

Northern American oil and gas drilling activity levels, during the first quarter of 2017, continued to improve from Q4 2016 and we expect activity levels to remain at or near current levels for the remainder of 2017. PSAC has revised its forecast upward now forecasting 6,660 wells to be drilled in Western Canada for 2017, representing a 64% forecasted increase over 2016. This increase is anticipated to drive a more consistent demand for our drilling fluid products for Q3 and Q4 of 2017. The USA drilling market is also continuing to see improvements, as the active average rigs operating in the USA has increase to 877 from approximately 400 in May 2016. As a result, we are forecasting stronger activity in major USA resource plays we service and look to take advantage of our low cost infrastructure as demand continues to improve.

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 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 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.

To receive Bri-Chem news updates send your email to ir@brichem.com.

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