

**Bri-Chem Announces 2019 Third Quarter
Financial Results**

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Edmonton, Canada, Wednesday, November 13, 2019 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY), a leading North American oilfield chemical distribution and blending company, is pleased to announce its 2019 third quarter financial results.

(in '000s except per share amounts)	Three months ended					Nine months ended				
	2019	September 30 2018	Change \$	%		2019	September 30 2018	Change \$	%	
Sales	\$ 21,800	\$ 31,159	\$ (9,359)	(30%)		\$ 70,419	\$ 93,731	\$ (23,312)	(25%)	
Adjusted EBITDA ⁽¹⁾	954	1,377	(423)	(31%)		2,982	1,870	1,112	59%	
Adjusted EBITDA as a % of revenue	4%	4%				4%	2%			
Adjusted operating income / (loss) ⁽¹⁾	535	980	(445)	(45%)		1,475	1,311	164	13%	
Adjusted (loss) / net earnings ⁽¹⁾	(170)	353	(523)	(148%)		(528)	(920)	392	43%	
Net (loss) / income	\$ (170)	\$ 61	\$ (231)	(379%)		\$ (552)	\$ (3,785)	\$ 3,233	85%	
Diluted per share										
Adjusted EBITDA	\$ 0.04	\$ 0.06	-\$ 0.02	31%		\$ 0.12	\$ 0.08	\$ 0.05	(59%)	
Adjusted (loss) / net earnings	\$ 0.02	\$ 0.04	-\$ 0.02	45%		\$ (0.02)	\$ (0.04)	\$ 0.02	43%	
Net loss	\$ (0.01)	\$ 0.00	-\$ 0.01	379%		\$ (0.02)	\$ (0.16)	\$ 0.14	85%	
Total assets						\$ 51,987	\$ 80,469	\$ (28,482)	(35%)	
Working capital						16,535	20,589	(4,054)	(20%)	
Long-term debt						8,719	8,425	294	3%	
Shareholders equity						\$ 19,318	\$ 25,305	\$ (5,987)	(24%)	

Key Q3 2019 & YTD highlights include:

- Bri-Chem generated consolidated sales of \$21.8 million, a decrease of 30% from the third quarter of 2018. The reduced revenue resulted from a 32% decline in drilling activity in Canada due to unseasonably wet weather conditions extending throughout the summer months, lower drilling activity levels in Canada as a result of the Government of Alberta's mandated production curtailments and overall weaker drilling activity in the USA during the quarter;
- Adjusted EBITDA for the third quarter was \$954 thousand versus \$1.4 million in the comparable period in 2018, however, adjusted EBITDA is up 59% year to date as a result of managements' ability to significantly reduce overhead expenses throughout 2019 and increase the overall gross margin percentage on product sales.
- Adjusted operating income was \$535 thousand for the three months ended September 30, 2019 compared to income of \$980 thousand in the prior year comparable quarter, representing a 45% decrease. Nine months year to date adjusted operating income is up 13%.
- Bri-Chem reported a net loss of \$170 thousand or \$0.01 loss per share compared to a net income of \$61 thousand or \$0.00 income per share in Q3 2018;
- As at September 30, 2019, working capital was \$16.5 million compared to \$20.6 million at September 30, 2018, a decrease of 20%. This was due to management's efforts to reduce inventory levels and realize cash flow. In addition, the adoption of IFRS 16 generated a current liability for the obligations under finance lease for the right of use assets. Bri-Chem's current ratio, defined as current assets divided by current liabilities, was 1.69 as at September 30, 2019.

Summary for the three and nine months ended September 30, 2019:

Wet weather conditions in Canada and the United States during the summer months, coupled with the Government of Alberta's mandated production curtailments, negatively impacted drilling activities in North America, which resulted in lower sales for the third quarter of 2019. Bri-Chem's Q3 2019 consolidated sales were \$21.8 million for the three months ended September 30, 2019 which was \$9.3 million lower than the same prior year period. The revenue decline was partially offset by an increase in well abandonment and new cementing work in our division located in the state of California.

Bri-Chem's Canadian drilling fluids distribution division generated sales of \$4.3 million and \$13.3 million for the three and nine months ended September 30, 2019 compared to \$8.6 million and \$24.2 million in the comparable periods in 2018. The Q3 and year to date sales were lower due to the overall decline in Canadian drilling activity and the wet summer drilling program, particularly in Alberta for the months of July and August. The number of wells drilled in Western Canada for the third quarter of 2019 was 1,364 compared to 2,004 in the same period last year, representing a decrease of 32% (Source: Petroleum Services Association of Canada "PSAC"). Bri-Chem's United States drilling fluids distribution division generated sales of \$12.3 million and \$41.6 million compared to sales of \$16.8 million and \$53.4 million for the same comparable period of 2018, representing decreases of 27% and 22% respectively. The decreases were the result of slower drilling activity levels in the United States, wet weather in certain regions of Oklahoma and Texas, and due to the loss of comparable revenue from the closure of two underperforming West Texas warehouses in Q2 2018.

Bri-Chem's Canadian Blending and Packaging division generated sales of \$2.1 million and \$7.0 million for three and nine months ended September 30, 2019 compared to sales of \$4.2 million and \$11.2 million for three and nine months ended September 30, 2018, representing decreases of 50% and 37% respectively. The decreases relate to the overall decline in Canadian drilling activity which affected demand for toll blending and bulk packaging of products throughout 2019. Bri-Chem's US Fluids Blending and Packaging division experienced increases of 97% quarter over prior year quarter and 71% year over year, as the division recorded sales of \$3.1 million and \$8.5 million for the three and nine months ended September 30, 2019. These increases are due to the increase in well abandonment work and new oilfield cementing work in the state of California as well as the division providing cement to customers working offshore.

Adjusted EBITDA was \$954 thousand and \$3.0 million for the three and nine months ended September 30, 2019 compared to \$1.3 million and \$1.9 million for the same comparable periods in 2018, representing a decrease of 27% quarter over comparable quarter and an increase of 59% year over year. Adjusted EBITDA as percentage of sales was 4% for Q3 2019 which was consistent compared to the same quarter in 2018. This decrease in EBITDA for Q3 was due to weaker sales despite reduced infrastructure costs. The increase year over year is due to increased sales in the US blending division, higher margins in both fluids distribution divisions, a reduction of infrastructure costs as part of the Company's right sizing initiatives implemented over the past 9 months, and the adoption of IFRS 16 causing a reduction in rental expense for the right of use assets

OUTLOOK

North America oilfield activity continues to face challenges. In Canada, limited pipeline availability and mandated production curtailments have resulted in 2019 capital budgets for Western's Canadian customers decreasing significantly year over year which impacts drilling activity. PSAC has forecasted 1,225 oil and gas wells will be drilled in Canada for the fourth quarter of 2019, a decrease of 21% compared to Q4 2018 when 1,595 wells were drilled. Furthermore, PSAC is forecasting a further 10% reduction in the number of wells drilled for 2020, estimated at 4,500 for the year. During the third quarter of 2019, US drilling activity has declined and drilling rigs have fallen in most major resource plays. We anticipate these declines will continue for the remainder of the year and are cautious of activity levels heading into 2020. We will continue to monitor drilling activity levels in Canada and the USA and will adjust inventory levels and infrastructure based on demand for our products and find efficiencies in operations and prudently manage working capital until a better business environment emerges.

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 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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