Q4 2017 MD&A

BRI-CHEM
Right product. Right place. Right time.

NORTH AMERICA'S LARGEST INDEPENDENT WHOLESALE OILFIELD CHEMICAL SUPPLIER

The following Management's Discussion and Analysis ("MD&A") of Bri-Chem Corp. ("Bri-Chem" or the "Company") is for the three and twelve months ended December 31, 2017. This MD&A should be read in conjunction with Bri-Chem's December 31, 2017 audited annual consolidated financial statements. The Company's audited annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars unless otherwise indicated.

The Company's audited annual consolidated financial statements include the accounts of Bri-Chem Corp. and its subsidiaries, Bri-Chem Supply Ltd., Sodium Solutions Inc., Solution Blend Service Ltd., Bri-Corp USA, Inc., including its three subsidiaries Bri-Chem Supply Corp, LLC, Sun Coast Materials, LLC and Bri-Chem Logistics, LLC. Readers should carefully read the sections regarding "Cautionary Statement Regarding Forward-Looking Information and Statements" and "Non-IFRS Measures" in this report. All references to dollar amounts are to Canadian dollars, except where otherwise indicated. This MD&A was prepared as at March 28, 2018.

BUSINESS OF BRI-CHEM

Bri-Chem, headquartered in Edmonton, Alberta, Canada, has established itself, through a combination of strategic acquisitions and organic growth, as a North American industry leader for the 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 30 strategically located warehouses throughout Canada and the United States. Bri-Chem has been operating in Canada since 1985 and we expanded into the United States in 2011 where we have successfully established 17 warehouse locations that are strategically located in major drilling regions throughout the USA. Additional information about Bri-Chem is available at www.sedar.com or at Bri-Chem's website at www.brichem.com.

Bri-Chem's main business activity is to provide 24/7 coverage of oilfield chemicals in a wide variety of weights and clays, lost circulation materials and oil mud products to mud engineering companies who sell directly to drilling firms engaged by the oil and gas companies. Much of Bri-Chem's competitive advantage is attributed to its comprehensive network of 30 strategically placed and fully stocked warehouses throughout North America as mud engineering companies and drilling companies prefer to use one supplier of drilling fluids for all of their widely dispersed drilling rig locations.

Seasonality of Operations

Weather conditions can affect the sale of the Company's products and services. The ability to move heavy equipment in the Canadian oil and natural gas fields is dependent on weather conditions. As a result, there are three cycles of drilling activity in the Western Canada: Winter drilling season from November to mid-March is the period when the majority of drilling activity takes place as much of the ground is frozen allowing equipment to move into hard to reach regions during colder periods. Spring break up traditionally occurs between mid-March to mid-May and is the period when drilling activity is at its lowest as regions thaw and have road bans making heavy equipment difficult to move. Summer and fall drilling season operates from mid-May to end of October which focuses on areas not accessible during the winter drilling season. Spring break-up has a direct impact on the Company's activity levels. The timing of freeze-up and spring break-up affects the ability to move equipment in and out of these areas. As a result, late March through May is traditionally the Company's slowest period in Canada.

SELECTED FINANCIAL AND OPERATING INFORMATION

The following selected three and twelve-month period consolidated financial information has been derived from and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2017.

In $'000s *(except per share amounts)*	For the three months ended December 31, 2017	For the three months ended December 31, 2016	Change $	Change %	For the twelve months ended December 31 2017	For the twelve months ended December 31 2016	Change $	Change %
Revenue	**$ 27,917**	$ 22,098	$ 5,819	26%	**$ 116,210**	$ 62,091	$ 54,119	87%
Operating income (loss)	**975**	873	102	12%	**5,202**	(2,201)	7,403	336%
EBITDA[(1)]	**1,772**	1,244	528	42%	**6,879**	(995)	7,874	791%
EBITDA as a percentage of revenue [(1)]	**6%**	6%	-	7%	**6%**	(2%)	-	12%
Net Earnings (loss)	**690**	(2,570)	3,260	127%	**1,708**	(6,793)	8,501	125%
Per Share Data (Diluted)								
EBITDA	**$ 0.07**	$ 0.05	$ 0.02	41%	**$ 0.29**	$ (0.04)	$ 0.33	783%
Net Earnings (Loss)	**$ 0.03**	$ (0.11)	$ 0.14	127%	**$ 0.07**	$ (0.29)	$ 0.36	125%
Shares Outstanding								
Basic	23,632,981	23,632,981			23,632,981	23,632,981		
Diluted	23,932,981	23,632,981			23,932,981	23,632,981		
Financial Position								
Total Assets	**$ 81,232**	$ 65,578	$ 15,654	24%				
Working Capital	**24,336**	13,793	10,543	76%				
Long-term debt	**8,994**	246	8,748	3556%				
Shareholders Equity	**28,756**	28,273	483	2%				

(1) Represents earnings before interest, taxes, depreciation, amortization, impairment charges and share-based payments (See page 13 for a further explanation of this non-IFRS measure).

Q4 HIGHLIGHTS

Key Q4 & YTD 2017 highlights include:

- Bri-Chem generated consolidated revenues of $27.9 million, an increase of 26% from the fourth quarter in 2016, resulting primarily from higher business activity levels throughout North America, while revenues increased by 87% year over year to $116.2 million;
- Fourth quarter revenue increased by 48% in the USA fluids distribution division, while the Canadian fluids distribution division sales were up 103% year over year along with 33% and 16% year over year increases in Canadian and US blending and packaging divisions;
- Operating income was $1.0 million and $5.2 million for the three and twelve months ended December 31, 2017 compared to $0.9 million and negative $2.2 million in the same comparable periods, representing a 12% and 336% increase;
- EBITDA was $1.8 million and $6.9 million respectively for the three and twelve months ended December 31, 2017 versus $1.2 million and negative $1.0 million in the comparable periods in 2016. The increases of 42% and 791% are as a result of significantly improved drilling activity throughout our North America business segments in 2017;
- Bri-Chem reported net earnings of $0.7 million or $0.03 diluted earnings per share for the fourth quarter of 2017 compared to a net loss of $2.6 million or $0.11 diluted loss per share in 2016, while year to date, the Company reported net earnings of $1.7 million or $0.07 earnings per share compared to a net loss of $6.8 million or $0.29 loss per share for the same period in 2016;
- Working capital as at December 31, 2017, was $24.3 million compared to $13.8 million at December 31, 2016. The Company's current ratio (defined as current assets divided by current liabilities) was 1.56 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 October 2020. In addition, the Company has also refinanced its current subordinate debt loan with a new five year $10 million term loan with GreyPoint Capital Inc.

Summary for the three and twelve months ended December 31, 2017:

Bri-Chem’s results for the year ended December 31, 2017 reflect improving North American industry activity levels from the historic lows experienced during 2016. Canada and United States experienced significant increases in well activity which resulted in stronger sales in Canada and the USA throughout 2017. Canada had an average of 200 active rigs operating during the fourth quarter of 2017, an increase of 16% over the prior year quarter, while the active USA rig count increased 57% over the same period with 921 average active rigs operating in Q4 2017. In light of improved industry conditions, Bri-Chem successfully increased its activity levels in Canada and the US while maintaining its disciplined approach to costs, and as a result, experienced improved revenue in 2017 as compared to 2016. Bri-Chem’s three and twelve month ended December 31, 2017 consolidated revenues from its North American oil and gas drilling fluids distribution, blending and packaging businesses were $27.9 million and $116.2 million compared to $22.1 million and $62.1 million in the same prior periods in 2016.

Bri-Chem's Canadian drilling fluids distribution division generated sales of $10.3 million and $45.4 million for the three and twelve months ended December 31, 2017, compared to sales of $9.6 million and $22.4 million over the comparable periods in 2016. Q4 2017 and year to date sales were strengthened by the continued increase in drilling activity throughout the year which increased demand for drilling fluid products. The number of wells drilled in Western Canada for the three-month period ended December 31, 2017 was 2,153 representing an increase of 45% over the comparable quarter in 2016. The number of wells drilled for 2017 were 7,364 compared to 4,019 for 2016, an increase of 83%. Bri-Chem’s United States drilling fluids distribution division generated sales of $12.7 million and $51.4 million for the three and twelve-month periods ended December 31, 2017, compared to revenues of $8.6 million and $24.7 million in the comparable periods of 2016, representing increases of 48% and 108% respectively.

Bri-Chem’s Canadian drilling fluids blending and packaging division generated sales of $3.6 million for the three months ended December 31, 2017 and $14.9 million for fiscal 2017 compared to the prior year sales of $3.4 million and $11.2 million respectively, representing a 5% increase quarter over quarter and a 33% 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 $1.3 million and $4.5 million for the three and twelve months ended December 31, 2017, compared to $0.5 million and $3.9 million for the comparable periods in 2016.

Operating income in Q4 2017 was $1.0 million compared with operating income of $0.9 million in the fourth quarter of 2016. EBITDA was $1.8 million for the three months ended December 31, 2017 compared to $1.2 million in the same comparable prior year period. Fiscal 2017 EBITDA was $6.9 million or 6% of sales compared to negative EBITDA of $1.0 million or negative 2% for the same period of 2016. The Company had net earnings of $0.7 million for the quarter ended December 31, 2017 compared to net loss of $2.6 million in the same prior year period. For the year ended December 31, 2017, the Company had net earnings of $1.7 million compared to a net loss of $6.8 million from the comparable prior year period.

OUTLOOK

During 2017, oil and gas drilling activity levels in Northern American increased and recovered from their lows in 2016, which led to increased demand for drilling fluid products. We expect activity levels to remain at or near current levels in the USA for Q1 fiscal 2018, however, we remain cautious about drilling activity levels in Canada for 2018 as the Canadian oil and gas industry remains challenging and there are many obstacles affecting further recovery of this market. PSAC has forecasted 7,587 wells to be drilled in Western Canada for 2018, representing a 7% increase over 2017. The USA drilling market has stabilized and we feel that drilling activity levels will remain consistent in 2018. In light of this industry outlook, the Corporation’s strategy will be to leverage its expertise and seek to find operational and warehouse efficiencies while looking to expand in higher margin opportunities.

DISCUSSION OF Q4 AND YEAR TO DATE OPERATING RESULTS

Sales by Segment	For the three months ended December 31				For the twelve months ended December 31			
	2017	2016	Change		2017	2016	Change	
In $'000s	$	$	$	%	$	$	$	%
Fluids Distribution - Canada	**10,342**	9,552	790	8%	**45,395**	22,378	23,017	103%
Fluids Distribution - USA	**12,716**	8,566	4,150	48%	**51,446**	24,686	26,760	108%
Total Fluids Distribution	**23,058**	18,118	4,940	27%	**96,841**	47,064	49,777	106%
Fluids Blending & Packaging - Canada	**3,604**	3,435	169	5%	**14,871**	11,163	3,708	33%
Fluids Blending & Packaging - USA	**1,255**	545	710	130%	**4,498**	3,864	634	16%
Total Fluids Blending & Packaging	**4,859**	3,980	879	22%	**19,369**	15,027	4,342	29%
Consolidated Sales	**27,917**	22,098	5,819	26%	**116,210**	62,091	54,119	87%

Consolidated Oilfield Chemical Divisions

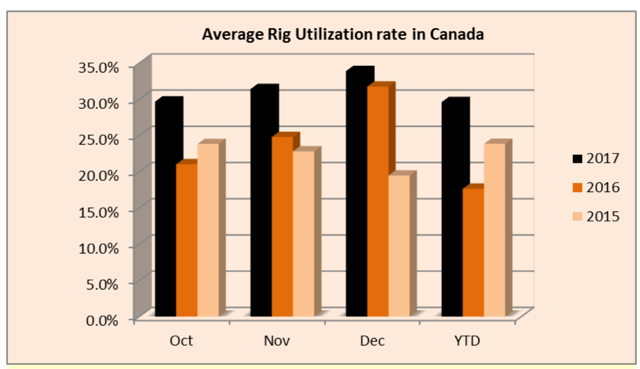
Bri-Chem's Q4 2017 and year to date consolidated revenues from its North American oil and gas drilling fluids distribution, blending and packaging businesses were $27.9 million and $116.2 million respectively compared to $22.1 million and $62.1 million in the same prior periods in 2016. The 26% increase in fourth quarter revenues was mainly as a result of the 57% increase in US drilling rig activity quarter over quarter.

North American Drilling Fluids Distribution Divisions

The Company's North American drilling fluids distribution divisions recorded combined sales of $23.1 million and $96.8 million for the three and twelve months ended December 31, 2017 compared to sales of $18.1 million and $47.1 million in 2016, representing increases of 27% and 106% over the comparable periods. The Canadian fluids distribution divisions' sales increased moderately for the three-month period, while the USA fluids distribution division experienced a sales increase of 48% over the same comparable fourth quarter in 2016.

Canadian Drilling Fluids Distribution Division

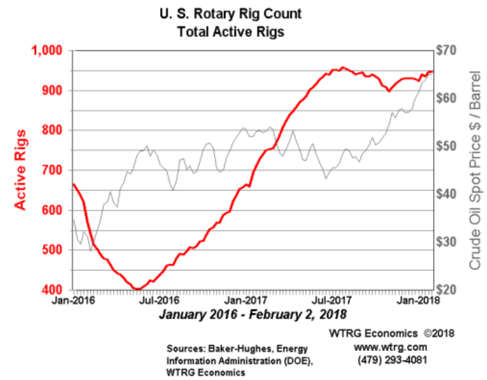
Bri-Chem's Canadian drilling fluids distribution division had stable sales during the fourth quarter as drilling activity was much improved in 2017 compared to the past two years. Trends experienced throughout 2017 continued into the fourth quarter of 2017 as Western Canada averaged 200 rigs operating in the quarter compared to an average of 172 rigs operating for the same period in 2016. Canadian distribution sales were $10.3 million for the three months ended December 31, 2017, while sales for fiscal 2017 were $45.4 million, compared to sales of $9.6 million and $22.4 million over the same comparable periods in 2016.



Western Canada experienced a significant increase in active drilling rigs during 2017, increasing 73% over 2016. The number of wells drilled in Q4 2017 in Western Canada was 1,710 compared to the 1,507 wells drilled in Q4 2016, representing an increase of 14% quarter over quarter. In Canada, drilling rig utilization averaged 32% for the fourth quarter in 2017, an increase of 6% over the prior year quarter, while rig utilization increased by 12% to 30% for 2017.

United States Drilling Fluids Distribution Division

The Company's US drilling fluids distribution division generated revenues of $12.7 million and $51.4 million for the three and twelve months ended December 31, 2017 compared to sales of $8.6 million and $24.7 million for the same periods in 2016, representing increases of 48% and 108% respectively. In the US, the average number of active rigs running during Q4 2017 was 921, as compared to 586 rigs running in Q4 2016, an increase of 57% quarter over comparable quarter. With commodity pricing starting to stabilize and several domestic and export initiatives taking place, the US oil and gas market has experienced a significant increase in drilling activity year over year which has translated into more demand for drilling fluid products in major resource plays in the USA.



Fluids Blending and Packaging Division

Canadian Fluids Blending and Packaging Division

For the fourth quarter of 2017, the Canadian fluids blending and packaging division sales were $3.6 million compared to $3.4 million in Q4 2016 representing a 5% increase. For the year of 2017 the division generated sales of $14.9 million an increase of 33% year over year. These increases relate to stronger levels of bulk packaging and blending of chemicals as drilling activity levels increased year over year. With increased drilling activity levels, the division also experienced an increase in blending of production chemicals as production activity increased.

United States Fluids Blending and Packaging Division

For the three and twelve months ended December 31, 2017 sales were $1.3 million and $4.5 million respectively compared to $0.5 million and $3.9 million for the same comparable periods in 2016. The Company is expanding it product and service offerings which has contributed to increased sales.

Gross Margin

	For the three months ended December 31						For the twelve months ended December 31					
	2017		2016		Change		2017		2016		Change	
In $'000s	$	%(1)	$	%(1)	$	%	$	%(1)	$	%(1)	$	%
Distribution - Canada	**1,472**	**14%**	1,363	14%	109	(8%)	**6,202**	**14%**	2,542	11%	3,660	144%
Distribution - USA	**2,127**	**17%**	1,631	19%	496	30%	**9,567**	**19%**	4,093	17%	5,474	134%
Total distribution	**3,599**	**16%**	2,994	17%	605	(20%)	**15,769**	**16%**	6,635	14%	9,134	138%
Blending - Canada (1)	**906**	**25%**	838	24%	68	8%	**3,203**	**22%**	2,826	25%	377	13%
Blending - USA	**525**	**42%**	110	20%	415	377%	**1,737**	**39%**	1,555	40%	182	12%
Total Blending	**1,431**	**30%**	948	24%	483	51%	**4,940**	**26%**	4,381	29%	559	13%
Total	$ 5,030	18%	$ 3,942	18%	$ 1,088	28%	$ 20,709	18%	11,016	18%	9,693	88%

(1) As a percentage of divisional revenues

Bri-Chem's Q4 2017 consolidated margins from its North American oil and gas drilling fluids distribution, blending and packaging businesses was up 28% to $5 million compared to $3.9 million in the same prior period in 2016. The increase is due to stronger drilling activity in North America and improved selling prices. 2017 year to date gross margins dollars rose by 88% to $20.7 million from $11 million from 2016.

Canadian fluid distribution margins averaged 14.2% for the fourth quarter ended December 31, 2017 and 13.7% for 2017 compared to an average gross margin of 14.3% and 11.4% for the same comparable periods in 2016. The division has experienced an increase in gross margins as activity levels have increased which has enabled us to stabilize our selling prices. Due to the significant increase in rig activity, many customers did not have excess inventory of their own and therefore required to purchase more fluid inventory from the Company during 2017. Throughout 2016, the division experienced significant pricing pressure given the weak market conditions, which caused a reduction in gross margins.

The USA fluids distribution margins were 16.7% and 18.6% respectively for the three and twelve months ended December 31, 2017; a decrease of 2.3% for the quarter and an increase of 2.0% year over year. With an increase in the USA rig count and stability of pricing to customers, the division is experiencing improved margins compared to those of the past year. 2016 was challenging and the division suffered margin compression due to pricing pressures in the industry along with selling certain inventory at, near or below cost in effort to reduce inventory levels. Conversely in 2017, customers have commenced purchasing product again to service drilling rigs operating within the regions we service in the USA. Margins have a tendency to fluctuate based on product mix and geographic region, and the division experienced an increase in rig activity in regions that provide higher margin products.

Canadian fluids blending and packaging division margins were consistent at 25.1% and 21.5% for the three and twelve months ended December 31, 2017, compared to the same comparable prior year periods. The United States blending and packaging division generated gross margins of 41.8% for Q4 2017 recovering from their compressed margins in Q1 2017. The increase relates to the overall increase in divisional sales and of high margin product being sold during the past few quarters.

Salaries and Employee Benefits

	For the three months ended December 31				For the year ended December 31			
	2017	2016	Change		2017	2016	Change	
In $'000s	$	$	$	%	$	$	$	%
Salaries and benefits	**1,931**	1,748	183	10%	**7,588**	7,250	338	5%
% of sales	**7.0%**	8.0%			**8.6%**	13.8%		

Salaries and benefits increased for the three months and year ended December 31, 2017 compared to the same periods in 2016. The increase was a result of hiring additional warehouse staff in the US to keep up with increased drilling fluid sales demand as the market continued to improve throughout 2017. Sales commissions increased due to higher sales levels in the fluids distribution division in Canada and the US. The Company employed 76 (34 Canada and 42 US) employees at December 31, 2017 compared to 74 (29 Canada and 45 US) at December 31, 2017. Staffing levels are dependent on overall market conditions and demand for fluid products. The Company does not anticipate significant personnel growth over the short to medium term.

Selling, General and Administration

	For the three months ended December 31				For the year ended December 31			
	2017	2016	Change		2017	2016	Change	
In $'000s	$	$	$	%	$	$	$	%
Selling	**161**	80	81	101%	**571**	369	202	55%
Professional and consulting	**863**	96	767	799%	**1,719**	457	1,262	276%
General and administrative	**249**	311	(62)	(20%)	**1,579**	1,424	155	11%
Rent, utilities, and occupancy costs	**733**	734	(1)	(0%)	**3,096**	2,653	443	17%
Total	**2,006**	**1,221**	**785**	**64%**	**6,965**	**4,903**	**2,062**	**42%**

Selling expenses increased for the three and twelve months ended December 31, 2017 compared to last year comparative periods. With weaker drilling activity levels over the past two years, the Company implemented a number of cost cutting initiatives and as demand starts to increase these costs will start to increase. Travel costs increased $128,306 year over year as sales and management increased travel due to increased demand of drilling fluid products. Selling costs consist of expenses related to travel and entertainment of customers. As activity levels have improved throughout 2017, the sales staff have increased customer relations. Management will continue to manage its selling costs prudently as the market recovers.

Professional and consulting expenses increased by $0.8 million for the fourth quarter of 2017 and $1.3 million for 2017 compared to the same periods in 2016. The increase in professional and consulting expenses relates to an increase in legal fee accruals relating to legal expenses for assistance with collection of specific accounts receivable, legal fees related to debt financing transactions and $0.8 million of legal costs related to a successful lawsuit against former employees and private investors in association with a subsidiary company. The lawsuit is extraordinary in nature and is not expected to occur in the future.

General and administration expenses decreased by $0.1 million for fourth quarter of 2017 compared to the fourth quarter of 2016. The decrease was due to marginal decreases in insurance, security and office rentals. The expenses increased by $155,000 for the year of 2017 as a result of increased drilling activity levels which caused increased spending in waste disposal, fees and licences and general office expenses. These expenses were partially offset by a decease of insurance of $52,173 as the Company carried less inventory during the first half of 2017 that needed to be insured.

Warehouse rent, utilities and occupancy costs were consistent in the fourth quarter of 2017 compared to the fourth quarter of 2016, while year to date costs increased by $0.4 million for the twelve months ended December 31, 2017 compared to prior year. The increase was due to $250,000 payment to break a yard lease that was no longer required and was not to expire until 2019. In addition to the break fee, the increase for 2017 was due to an increase in facility repairs and maintenance of $133,905 along with increases in repairs and operating costs to forklifts of $132,299. The costs in this category are comprised mainly of rent, utilities, and warehouse expenses for the Edmonton, Leduc, Camrose, Acheson and USA locations as well as liquid storage tank rentals.

Depreciation and Amortization

	For the three months ended December 31				For the year ended December 31			
	2017	2016	Change		2017	2016	Change	
In $'000s	$	$	$	%	$	$	$	%
Depreciation on property and equipment	**242**	253	(11)	(4%)	**954**	1,064	(110)	(10%)
Total	**242**	**253**	**(11)**	**-4%**	**954**	**1,064**	**(110)**	**-10%**

The depreciation of property and equipment decreased marginally during the three and twelve months ended December 31, 2017 with book values reduced due to normal amortization that occurred during the year.

Financing costs

	For the three months ended December 31				For the twelve months ended December 31			
	2017	2016	Change		2017	2016	Change	
In $'000s	$	$	$	%	$	$	$	%
Interest on short-term operating debt	**377**	228	149	65%	**1,231**	890	341	38%
Interest on long-term debt	**384**	462	(78)	(17%)	**1,833**	1,786	47	3%
Interest on obligations under finance lease	**2**	3	(1)	(33%)	**5**	17	(12)	(71%)
Cash Interest paid	**763**	**693**	**70**	**10%**	**3,069**	**2,693**	**376**	**14%**
Add non-cash interest expense:								
Amortization of deferred financing costs	**45**	68	(23)	(34%)	**232**	267	(35)	(13%)
Total interest expense	**808**	**761**	**47**	**6%**	**3,301**	**2,960**	**341**	**12%**

Interest on short-term operating debt increased by $0.1 million and $0.3 million for the three and twelve months ended December 31, 2017 as the Company maintained a higher credit facility balance throughout 2017 due to increased purchases of fluids as a result of increased drilling activity. Interest on long-term debt for the three and twelve months ended December 31, 2017 increased as the Company secured new term debt that was used to repay the subordinated debt that came due during Q4 2017.

Foreign exchange

	For the three months ended December 31				For the twelve months ended December 31			
	2017	2016	Change		2017	2016	Change	
In $'000s	$	$	$	%	$	$	$	%
Foreign exchange (gain)/ loss	**(504)**	(365)	(139)	38%	**(670)**	(212)	(458)	216%
Total	**(504)**	**(365)**	**(139)**	**38%**	**(670)**	**(212)**	**(458)**	**216%**

During the fourth quarter of 2017, the Canadian dollar increased its value in relation to the US dollar. This increase in the Canadian dollar exchange rate caused the Company to have a favorable position on certain net advances denominated in USD.

Income tax expense/ (Recovery)

	For the three months ended December 31				For the twelve months ended December 31			
	2017	2016	Change		2017	2016	Change	
In $'000s	$	$	$	%	$	$	$	%
Current	**(384)**	(339)	(45)	(13%)	**(54)**	(2,081)	2,027	(97%)
Deferred	**284**	2,796	(2,512)	(90%)	**503**	3,332	(2,829)	(85%)
Total	**(100)**	**2,457**	**(2,557)**	**(104%)**	**449**	**1,251**	**(802)**	**(64%)**

The provision for income taxes for the three months ended December 31, 2017 is a net recovery of $.1 million compared to a net expense of $2.5 million in the same period in 2016. The income tax expense in 2016 included a $2.5 million impairment on deferred tax assets. The deferred tax expense is due to the utilization of deferred tax assets that were utilized this year as a result of tax planning initiatives. The Company's effective income tax rate is 21% for the year ended December 31, 2017 (2016 – 26%).

Net earnings/(loss) and EBITDA

	For the three months ended December 31				For the twelve months ended December 31			
	2017	2016	Change		2017	2016	Change	
In $'000s	$	$	$	%	$	$	$	%
Net earnings/(loss)	**690**	(2,570)	3,260	127%	**1,708**	(6,793)	8,501	125%
% of sales	**2%**	(12%)			**1%**	(11%)		
EBITDA (1)	**1,772**	1,244	528	(42%)	**6,879**	(995)	7,874	791%
% of sales	**6%**	6%			**6%**	(2%)		

(1) Represents earnings before interest, taxes, depreciation, amortization, share-based payments and impairment charges (see page 13 for a further explanation of this non-IFRS measure).

The Company had net earnings of $0.7 million and $1.7 million for the three and twelve months ended December 31, 2017 compared to net loss of $2.6 million and $6.8 million in the same prior year periods. The fourth quarter net earnings as a percentage of sales was 2% compared to negative 12% from the prior year quarter. The improvement in drilling activity experienced throughout 2017 has resulted in improved profitability quarter over quarter.

EBITDA was $1.8 million and $6.9 million for the three and twelve months ended December 31, 2017 compared to $1.2 million and negative $1.0 million in the same comparable prior year period an increase of $7.9 million or 791% year over year. The fourth quarter EBITDA as a percentage of sales was 6% compared to 6% from the prior year quarter.

Basic and diluted earnings per share for the three months ended December 31, 2017 was $0.03, while basic and diluted earnings per share for the twelve month period of 2017 was $0.07. Earnings per share was based on the weighted average number of shares outstanding during the quarter ended December 31, 2017. The basic and diluted weighted average numbers of shares outstanding for the quarter ended December 31, 2017 were 23,632,981 and 23,662,981 (2016 – 23,632,981 and 23,632,981) respectively.

SUMMARY OF QUARTERLY DATA

In $'000s	2017 Q4	2017 Q3	2017 Q2	2017 Q1	Total TTM
Sales	$ 27,917	$ 30,542	$ 23,761	$ 33,990	$ 116,210
Gross margin ($)	5,030	6,006	4,281	5,392	20,709
Gross margin (%)	18.0%	19.7%	18.0%	15.9%	17.8%
EBITDA (1)	1,772	2,337	788	2,033	6,930
Net earnings/(loss) (2)	$ 690	$ 670	$ (377)	$ 725	1,708
Basic earnings/(loss) per share	$ 0.03	$ 0.03	$ (0.02)	$ 0.03	$ 0.07
Diluted earnings/(loss) per share	$ 0.03	$ 0.03	$ (0.02)	$ 0.03	$ 0.07

In $'000s	2016 Q4	2016 Q3	2016 Q2	2016 Q1	Total TTM
Sales	$ 22,098	$ 16,999	$ 8,173	$ 14,821	$ 62,091
Gross margin ($)	3,942	2,735	1,902	2,438	11,017
Gross margin (%)	17.8%	16.1%	23.3%	16.4%	17.7%
EBITDA (1)	1,244	99	(944)	(1,394)	(995)
Net earnings/(loss) from continuing operations (2)	$ (2,570)	$ (688)	$ (1,437)	$ (2,098)	(6,793)
Basic earnings/ (loss) per share from continuing operations	$ (0.11)	$ (0.03)	$ (0.06)	$ (0.09)	$ (0.29)
Diluted earnings/ (loss) per share from continuing operations	$ (0.11)	$ (0.03)	$ (0.06)	$ (0.09)	$ (0.29)

(1) EBITDA is non-IFRS measures which the Company defines as earnings before interest, taxes, depreciation and amortization and share-based payments expense. (See page 13 for a further explanation of these non-IFRS measures).

(2) In Q4 2016, the Company recognized impairment charges on plant and equipment, goodwill and other intangible assets in the amount of $593,014 (2015 - $6.1 million).

Weather conditions can affect the sale of the Company's products and services. The ability to move heavy equipment in the Canadian oil and natural gas fields is dependent on weather conditions. As a result, spring months in Western Canada and the duration of the spring break-up during Q2 has a direct impact on the Company's activity levels. In addition, many exploration and production areas in northern Western Canada are accessible only in winter months when the ground is frozen hard enough to support the weight of heavy equipment. The timing of freeze-up and spring break-up affects the ability to move equipment in and out of these areas. As a result, late March through May is traditionally the Company's slowest period.

FINANCIAL CONDITION AND LIQUIDITY

The Company's primary liquidity and capital resource needs are to fund ongoing operations, capital expenditures, growth opportunities and potential future acquisitions. In addition, the Company must service its debt, including interest payments and finance working capital needs. The Company relies on its cash flow from operations, debt and equity financings and borrowings under the Company's ABL Facility for liquidity.

The Company's operating cash flow has historically been affected by the overall profitability of sales within the Company's segments, the Company's ability to invoice and collect from customers in a timely manner and the Company's ability to efficiently manage costs. The Company's cash flow from operations has historically been sufficient to meet the Company's working capital, capital expenditure and debt servicing requirements.

As at December 31, 2017, the Company had positive working capital of $24.3 million compared to $13.8 million at December 31, 2016. The Company's current ratio (defined as current assets divided by current liabilities) was 1.56 to 1 compared to 1.37 to 1 as at December 31, 2016.

The following table summarizes the Company's sources and uses of funds for the years ended December 31, 2017 and 2016:

Summary of Consolidated Statements of Cash Flows Period ended		31-Dec 2017		31-Dec 2016
Continuing operations				
Cash (used in) / provided by operating activities	**$**	**(9,312)**	$	10,037
Cash provided by / (used in) financing activities		**10,011**		(9,725)
Cash used in investing activities		**(699)**		(312)
Net increase in cash and cash equivalents	**$**	**-**	$	-
Cash and cash equivalents, beginning of the period		**-**		-
Cash and cash equivalents, end of the period	**$**	**-**	$	-

Operating activities

Cash used in operating activities for the year ended December 31, 2017 was $9.3 million compared to cash provided by $10.0 million for the prior year. The Company's cash flow used in operating activities mainly relates to the increased inventory purchases as activity levels throughout 2017 have increased. In addition, the Company sources certain product from overseas, which results in longer lead times and more cash outlay up front. Accounts receivable increased by $6.5 million, inventories increased by $11.7 million while accounts payable increased by $3.4 million.

Financing activities

Cash provided by financing activities was $10.0 million for the year ended December 31, 2017, compared to cash used of $9.7 million in 2016. The cash provided by financing activities relates to advances of the ABL Facility. The net advance of the operating line is a combination of collection of accounts receivable, net reduction of inventory and payments to vendors. The Company borrowed $12.1 million of additional funds on its operating facility through the end of 2017 as funds were required to purchase inventory. The Company also paid $2.3 million in interest on senior and term debt borrowings during 2017.

Investing activities

Cash used in investing activities amounted to $0.7 million for the year ended December 31, 2017 compared to cash used of $0.3 million in 2016. The cash used was a result of proceeds on disposal of certain trucking assets during Q1 2017. The Company is expected to spend approximately $750,000 on capital expenditures for 2018, including an upgrade to the Company's ERP accounting software.

Credit Facilities

On November 6, 2017, the Company renewed and amended the terms of its Asset Based Lending facility ("ABL Facility") to increase the maximum borrowing base up to $35 million from $25 million. Other amendments included a decrease in interest rates, adjustments to the financial covenants and an extension of the maturity date to October 31, 2020 The ABL Facility bears interest either at the Canadian prime rate plus 1.5% or bankers' acceptance rate plus 3.00% or LIBOR plus 3.00%. The financial covenants were amended to replace the adjusted tangible net worth covenant to a fixed charge coverage ratio covenant. All other terms of the ABL Facility remain unchanged.

On August 11, 2016, the Company renewed and amended the terms of its Asset Based Lending facility ("ABL Facility") to decrease the maximum borrowing base down to $20 million from $40 million. Other amendments included an increase in interest rates, adjustment to the financial covenants and an extension of the maturity date to August 12, 2017. The ABL Facility bears interest either at the Canadian prime rate plus 3.0% or bankers' acceptance rate plus 4.50% or LIBOR plus 4.50%. All other terms of the ABL Facility remain unchanged. On February 16, 2017, the Company further amended the terms of the ABL Facility to increase the maximum borrowing base from $20 million to $25 million.

As at December 31, 2017, the Company had drawn $26 million on its available credit facilities of $35 million, as compared to indebtedness of $15 million at December 31, 2016. The Company is required to comply with two financial covenants under its ABL Facility being a minimum fixed charge coverage ratio and maximum annual eligible capital expenditures. Failure to comply with the obligations in the credit facilities could result in a default which, if not cured or waived, would permit acceleration of the relevant indebtedness.

The fixed charge coverage covenant requires the Company to ensure a minimum of 1.10 to 1. This is defined as the trailing twelve months of EBITDA, less non-funded capital expenditures, to the sum of cash interest paid, plus cash income taxes paid, plus the aggregate of all dividends, distributions and principal repayments, and any amortization. EBITDA is defined as net income before interest on debt, taxes on net income and depreciation and amortization and non-recurring charges (including one-time transaction, acquisition and restructuring expenses, share based payments, and foreign exchange gains or losses), and after unfunded capital expenditures. The capital expenditures limit is set at a maximum of 120% of consolidated budgeted yearly capital expenditures but does not include capital additions by way of finance lease.

On November 6, 2017, the Company secured a $10 million term debt facility with Grey Point Capital Inc. ("GreyPoint"). The initial term of the debt facility is for five years and is secured by a first charge over all real property, plant and equipment and a second charge general security agreement covering all present and after acquired assets and postponement of claim from related parties. The term debt facility bears interest at the 30 day Bankers' Acceptance Rate plus 800 basis points, with repayments of $66,667 principal plus interest paid monthly. Financial covenants are consistent with those in the amended and restated ABL Facility.

On November 30, 2012, the Company secured a $10 million subordinated debt facility with Fulcrum Capital Partners Inc. ("Fulcrum"). The sub debt facility bears interest at 11.50%, with repayments of interest only for the first fifteen months of the agreement, then quarterly principal repayments of $300,000 plus interest. On November 30, 2015 and August 11, 2016, the Company amended certain terms of its subordinated debenture agreement, in conjunction with the amendment to the ABL Facility. In accordance with these amendments, the Company and Fulcrum agreed to defer quarterly principal payments due on September 30, 2016, December 31, 2016, March 31, 2017 and June 30, 2017. The amendments also modified certain financial covenants, registered a first charge on specific assets and included an 8.5% principal deferral fee on the outstanding principal balance until paid in full. The Fulcrum subordinated debt loan had an outstanding balance of $9,604,749. The Company paid the entire principal balance in full from the proceeds received from the GreyPoint $10 million term loan. The Company received a full release from Fulcrum.

	December 31, 2017	**Requirement**	December 31, 2016	Requirement
Fixed charge coverage ratio	**10.94**	**Must exceed 1.10**		Was not a requirement
Minimum adjusted tangible net worth		**No longer required**	$ 29,571,250	Must exceed $ 24,484,000
Eligible capital expenditures	**$ 903,714**	**Must not exceed $ 1,050,000**	$ 364,187	Must not exceed $ 723,480
Adjusted EBITDA		**No longer required**	$ (1,505,447)	Must exceed $ (4,601,987)

(1) EBITDA is non-IFRS measures which the Company defines as earnings before interest, taxes, depreciation and amortization and share-based payments expense. (See page 13 for a further explanation of these non-IFRS measures).

The minimum covenants are noted in the above table. The Company monitors its covenants on an ongoing basis and reports on its compliance to its lender on a monthly basis. As at December 31, 2017, the Company was in compliance with all financial covenants.

Cash Requirements for Capital Expenditures

Historically, the Company has financed its capital expenditures and acquisitions through its ABL Facility, long-term debt and equity. The budgeted future capital expenditures for fiscal 2018 are approximately $750,000 which may include purchases of additional storage tanks for liquid and dry products in the US fluids distribution division as well as an upgrade to the Enterprise Resource Planning system. Capital expenditures typically are comprised of betterments and upgrades to existing assets, and additions incurred during the period. The Company ensures equipment is efficient and profitable or the equipment is replaced when the cost of maintenance and operating the equipment is not feasible. However, if a sustained period of market and commodity price uncertainty and financial market volatility returns in the future, the Company's activity levels, cash flows and access to credit may be negatively impacted, and the expenditure level would be reduced accordingly. Conversely, if future growth opportunities present themselves, the Company would look at expanding this planned capital expenditure amount.

Off-balance sheet arrangements

The Company did not enter into any off-balance sheet arrangements during the current or comparable reporting period.

Transactions with related parties

During the three and twelve months ended December 31, 2017, the Company incurred office sharing costs of $9,000 and $36,000 respectively (December 31, 2016 – $15,000 and $60,000) that were paid to a company over which a director has control.

RISK FACTORS AND RISK MANAGEMENT

The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with the detailed information appearing elsewhere in this MD&A and Bri-Chem's other public disclosure documents, including the Annual Information Form for the Company for the year ended December 31, 2017. These risks and uncertainties are not the only ones facing Bri-Chem. Additional risks and uncertainties not currently known to the Company or that the Company currently considers remote or immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of the Company could be materially adversely affected.

In the normal course of business, The Company is exposed to financial and operating risks that may potentially impact its operating results. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis. There have been no significant changes in risk and risk management since the 2017 Annual Information Form other than as described below.

Industry Conditions

While oil prices have increased somewhat from June 2016, they remain low by historical standards. As a result, there continues to be significant uncertainty and volatility in the oil and gas industry and North American oil and natural gas drilling and completion activity remains relatively low. These low industry activity levels have resulted in fierce price competition for the products and services provided by the Company. While the Company has been proactive in managing its operating cost structure to adapt to the current environment, continued low industry activity levels may require additional substantive measures be taken to preserve the Company's financial strength and flexibility.

Credit Risk

As a result of the continued volatility in the North American oil and natural gas market conditions, the Company continues to face heightened credit risk as a substantial portion of the Company's dealings are with entities involved in the oil and gas industry. In regards to accounts receivable, the Company remains focused on actively managing credit risk. Specifically, management has remained diligent in assessing credit levels granted to customers, monitoring the aging of receivables and taking proactive steps to collect outstanding balances.

The top 5 customers (2016: top 6) of the Company account for approximately 27% (2016: 33%) of revenue for the twelve months ended December 31, 2017, of which no one customer accounts for over 10% of sales. The Company does not usually enter into long term contracts with its customers and there can be no assurance that the current customers will continue their relationships with the Company. The loss of one or more major customer, any significant decrease in sales to a customer, or prices paid or any other changes to the terms of service with customers, could have a material adverse effect on the financial results, cash flows, and the overall financial condition of the Company.

Transportation and Distribution Network Risk

The Company relies on a wide distribution network to manage its inventory flow between locations and from the point of initial material inventory purchase to final customer sale. Common to industry practice, the Company has no formal long-term contract with its major inventory storage and distribution supplier. If they were to experience a breakdown in this network, it could have a potential material effect on sales, margins and profitability.

Risks Related to the Ongoing Effects of the U.S. Tax Cuts and Jobs Act and the Refinement of Provisional Estimates

On December 22, 2017 the US Tax Cuts and Jobs Act was enacted. Various U.S government departments, standard-setters, and tax consultants will be required to make significant judgements and estimates in the interpretation and calculation of the various provisions of the Act. The company has significant recorded and unrecorded tax assets that may be impacted and adjusted as additional communication and understanding of the specific rules is communicated.

Risks Related to Cybersecurity Breaches or Business System Disruptions

The company has deployed numerous management information systems and tools throughout its business units and branches. It also employs the services of third party information technology firms, and third-party information systems to ensure the continuous availability of its system and tools. Our reliance on our business partners, customers and employees to ensure that proper security protocols are maintained is significant. A breach of our security systems can lead to the lost of intellectual property, reputation and competitiveness which could have a material adverse effect on our business, operations, and financial condition.

Government Regulation

Bri-Chem's business and the business of its customers are subject to significant and evolving laws and government regulations, including in the areas of environment, health and safety. The implementation of a "carbon tax" by the Government of Alberta in 2017 is expected to increase the Company's operating costs although the Company is not able to quantify the full impact of such tax at this time.

CRITICAL ACCOUNTING ESTIMATES

There have been no material changes to our Critical Accounting Estimates since December 31, 2017. For further information, see page 17 of our December 31, 2017 Annual Audited Consolidated Financial Statements which is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

FUTURE ACCOUNTING POLICIES CHANGES

There have been no significant future accounting policy changes since December 31, 2017. For further information, please see page 18 of our December 31, 2017 Annual Audited Consolidated Financial Statements which is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

ACCOUNTING POLICIES

The annual consolidated financial statements for the year ended December 31, 2017 have been prepared in accordance with the accounting policies adopted in the Company's annual financial statements for the year ended December 31, 2011. For further information, please see page 10 of our December 31, 2017 Annual Audited Consolidated Financial Statements which is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

SHARE DATA

As at March 28, 2018, the Company had 23,932,981 common shares issued and outstanding. As of November 8, 2017, options to purchase 1,320,000 common shares were outstanding at an average price of $2.40 per common share.

NON-IFRS MEASURES

Management believes that, in addition to net earnings, EBITDA is a useful supplemental measure that provides a measure of operating performance without reference to financing decisions, depreciation or income tax impacts, which are not controlled at the operating management level. Investors should be cautioned that EBITDA should not be construed as alternatives to net earnings determined in accordance with IFRS as an indicator of the Company's performance. The Company's method of calculating EBITDA may differ from that of other entities and accordingly may not be comparable to measures used by other entities.

EBITDA is defined as earnings before interest, taxes, depreciation, amortization, impairment charges and share-based payments. The following is a reconciliation of EBITDA to net earnings for each of the periods presented in this MD&A.

EBITDA	For the three months ended December 31 2017	2016	For the year ended December 31 2017	2016
Net earning/(loss)	**$ 690**	$ (2,570)	**$ 1,708**	$ (6,793)
Add:				
Interest	**808**	761	**3,301**	2,960
Income taxes/(recovery)	**(100)**	2,457	**449**	1,251
Depreciation and amortization	**241**	254	**954**	1,064
Share-based payment	**-**	20	**52**	201
Impairment charges (1)	**133**	322	**414**	322
EBITDA	**$ 1,772**	**$ 1,244**	**$ 6,878**	**$ (995)**

(1) Impairment charges are related to bad debts

MANAGEMENT'S EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with management, have established and maintain disclosure controls and procedures ("DC&P") for the Company in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner, particularly during the period in which the annual filings are being prepared. The CEO and CFO, together with management, have evaluated the design and operating effectiveness of the Company's DC&P as of December 31, 2017 and, based on that evaluation, have concluded that these controls and procedures are effective in providing such reasonable assurance.

Internal controls over financial reporting

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

The Chief Executive Officer and Chief Financial Officer have concluded, based on their assessment that the design and implementation of the Company's disclosure controls and procedures have deficiencies in ICFR as described below. The deficiencies identified did not result in any material adjustments to the Company's financial statements for the year ended December 31, 2017 or any prior period.

During the process of management's assessment, it was determined that a deficiency existed in the ICFR. Specifically, control limitations were identified relating to segregation of duties, review of journal entries and various IT related weaknesses related to passwords and monitoring of user access in the accounting process. These situations are common to many small companies. While deficiencies in segregation of duties could lead to a material misstatement in the financial statements, other checks and balances including direct involvement of senior management in the day to day operations of the Company are in place, and no material misstatement has occurred. However, these mitigating procedures may not be considered sufficient to reduce the likelihood that a material misstatement would be prevented or detected in the future.

As the Company grows, it plans to expand the number of individuals involved in the accounting function and to implement additional oversight and review type controls around the specific control deficiencies noted above.

Changes in internal control over financial reporting

There were no changes in the Company’s internal control over financial reporting that occurred in 2017 that have materially affected, or that are reasonably likely to materially affect, its internal control over financial reporting.

It should be noted that while the CEO and CFO believe that Bri-Chem Corp.'s disclosure controls and procedures and internal controls over financial reporting provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain information and statements contained in this MD&A constitute forward-looking information, including the anticipated costs associated with the purchase of capital equipment, expectations concerning the nature and timing of growth within the various business divisions operated through affiliates of the Company, expectations respecting the competitive position of such business divisions, expectations concerning the financing of future business activities, and statements as to future economic and operating conditions. Readers should review the cautionary statement regarding forward-looking information that appears below.

The information and statements contained in this MD&A that are not historical facts are forward-looking statements. Forward-looking statements (often, but not always, identified by the use of words such as "seek", "plan", "continue", "estimate", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "expect", "may", "anticipate" or "will" and similar expressions) may include plans, expectations, opinions, or guidance that are not statements of fact. Forward-looking statements are based upon the opinions, expectations and estimates of management as at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include, but are not limited to, such things as changes in industry conditions (including the levels of capital expenditures made by oil and gas producers and explorers), the credit risk to which the Company is exposed in the conduct of its business, fluctuations in prevailing commodity prices or currency and interest rates, the competitive environment to which the various business divisions are, or may be, exposed in all aspects of their business, the ability of the Company's various business divisions to access equipment (including parts) and new technologies and to maintain relationships with key suppliers, the ability of the Company's various business divisions to attract and maintain key personnel and other qualified employees, various environmental risks to which the Company's business divisions are exposed in the conduct of their operations, inherent risks associated with the conduct of the businesses in which the Company's business divisions operate, timing and costs associated with the acquisition of capital equipment, the impact of weather and other seasonal factors that affect business operations, availability of financial resources or third-party financing and the impact of new laws and regulations or changes in existing laws, regulations or administrative practices on the part of regulatory authorities, including without limitation taxation and environmental laws and regulations and changes in how such laws and regulations are interpreted and enforced. Forward-looking information respecting the anticipated costs associated with the purchase of capital equipment are based upon historical prices for various classes of equipment, expectations relating to the impact of inflation on the future cost of such equipment and management's views concerning the negotiating position of the Company and its affiliates. Forward-looking information concerning the nature and timing of growth within the various business divisions is based on the current budget of the Company (which is subject to change), factors that affected the historical growth of such business divisions, sources of historic growth opportunities and expectations relating to future economic and operating conditions. Forward-looking information concerning the future competitive position of the Company's business divisions is based upon the current competitive environment in which those business divisions operate, expectations relating to future economic and operating conditions, current and announced build programs and other expansion plans of other organizations that operate in the energy service business. Forward-looking information concerning the financing of future business activities is based upon the financing sources on which the Company and its predecessors have historically relied and expectations relating to future economic and operating conditions. Forward-looking information concerning future economic and operating conditions is based upon historical economic and operating conditions, opinions of third-party analysts respecting anticipated economic and operating conditions. Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Accordingly, readers should not place undue reliance upon any of the forward-looking information set out in this MD&A. All of the forward-looking statements of the Company contained in this MD&A are expressly qualified, in their entirety, by this cautionary statement. The various risks to which the Company is exposed are described in additional detail in this MD&A under the heading "Risk Factors and Risk Management" on page 20 and in the Company's Annual Information Form (AIF) for the year ended December 31, 2017 which is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise.

Corporate Information

Officers and Directors

Don Caron[2]
Chairman, President, CEO and Director
Edmonton, Alberta

Jason Theiss, CPA
CFO
Edmonton, Alberta

Trent Abraham
President of Operations
Denver, CO

Albert Sharp[1] [2]
Director
Spruce Grove, Alberta

Eric Sauze, CPA[1] [2]
Director
Edmonton, Alberta

Brian Campbell[1]
Director
Edmonton, Alberta

Corporate Office
27075 Acheson Road
Acheson, Alberta T7X 6B1
Ph: 780.962.9490
Fax: 780.962.9875

Auditors
Deloitte LLP
2000 Manulife Place
10180-101 Street
Edmonton, AB T5J 4E4

Shares Listed
Toronto Stock Exchange
Trading Symbol – BRY

(1) Member of Audit Committee
(2) Member of Compensation Committee

Bankers
CIBC
10102 Jasper Avenue
Edmonton, Alberta T5J 1W5

Lenders
CIBC Asset Based Lending Inc.
199 Bay Street, 4th Floor
Toronto, Ontario M5L 1A2

Transfer Agent
Computershare Investor Services
530 – 8th Avenue SW, #600
Calgary, Alberta T2P 3S8

Share Capital
Issued: 23,932,981

Web Site
www.brichem.com