Q3 2019 MD&A

North America's Oilfield Chemical Distribution & Blending Company

BRI-CHEM

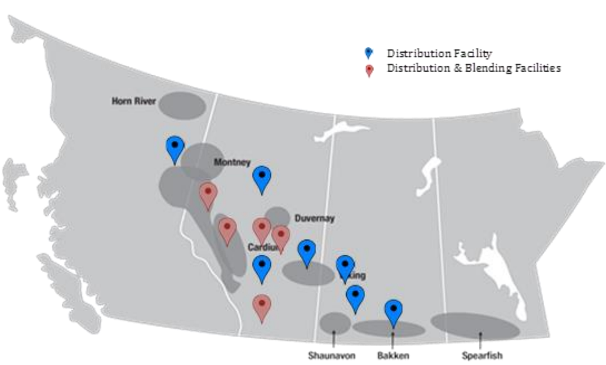
Right product. Right place. Right time.

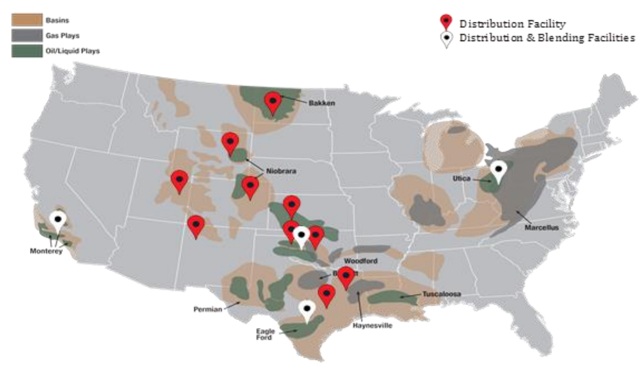
This Management's Discussion and Analysis ("MD&A") of Bri-Chem Corp. ("Bri-Chem" or the "Company") was prepared as at November 12, 2019 for the three months and nine months ended September 30, 2019 and should be read in conjunction with the Company's September 30, 2019 interim condensed consolidated financial statements (the "financial statements") and December 31, 2018 and 2017 audited annual consolidated financial statements. The Company's interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and include the results 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. All amounts presented in this MD&A are in Canadian dollars, except as otherwise noted. **Readers are encouraged to review the "Cautionary Statement Regarding Forward-Looking Information and Statements" and "Non-IFRS Measures" at the end of this document.**

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 24 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 12 warehouse locations that are strategically located in major drilling regions throughout the USA. 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 24 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 their widely dispersed drilling rig locations. Additional information about Bri-Chem is available at www.sedar.com or at Bri-Chem's website at www.brichem.com.

A summary of the Company's distribution network is as follows:





<u>Seasonality of Operations</u>

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 most of the 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.

FINANCIAL AND OPERATING INFORMATION HIGHLIGHTS

	Three months ended				Nine months ended			
		September 30	Change			September 30	Change	
(in '000s except per share amounts)	2019	2018	$	%	2019	2018	$	%
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%)

(1) Refer to the "Non-IFRS Measures" section for a definition of non-GAAP terms as well as reconciliations for Adjusted EBITDA, Adjusted Operating Income, and Adjusted (Loss) / Net Earnings).

- 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.

DISCUSSION OF Q3 AND YTD OPERATING RESULTS

Divisional sales

	Three months ended September 30		Change		Nine months ended September 30		Change	
(in 000's)	2019	2018	$	%	2019	2018	$	%
Fluids Distribution								
Canada	**$ 4,340**	$ 8,644	$ (4,304)	(50%)	**$ 13,281**	$ 24,159	$ (10,878)	(45%)
USA	**12,255**	16,760	(4,505)	(27%)	**41,634**	53,439	(11,805)	(22%)
	16,595	25,404	(8,809)	(35%)	**54,915**	77,598	(22,683)	(29%)
Fluids Blending & Packaging								
Canada	**2,105**	4,182	(2,077)	(50%)	**6,994**	11,166	(4,172)	(37%)
USA	**3,100**	1,573	1,527	97%	**8,510**	4,967	3,543	71%
	5,205	5,755	(550)	(10%)	**15,504**	16,133	(629)	(4%)
Consolidated sales	**$ 21,800**	$ 31,159	$ (9,359)	(30%)	**$ 70,419**	$ 93,731	$ (23,312)	(25%)

Consolidated sales for the three and nine months ended September 30, 2019 were $21.8 million and $70.4 million respectively compared to $31.2 million and $93.7 million for the same periods in 2018, representing a $9.4 million decrease quarter over quarter. The decrease was due to lower drilling activity levels in Canada as a result of the Government of Alberta's mandated production curtailments and an extremely wet summer drilling program which resulted in delays in drilling in certain regions in Western Canada. Lower sales from the US Fluids Distribution division was the result of weaker drilling activity as an average of 920 rigs were operating in the third quarter, representing a 12% decline quarter over quarter. Bri-Chem did experience a surge in well abandonment and new cement work in California which resulted in a $1.5 million increase in sales from the US Fluids Blending and Packaging division.

Fluids Distribution Division

Canada

Canadian Fluids Distribution sales for the three months ended September 30, 2019 were $4.3 million compared to $8.6 million for the same quarter in 2018, representing a 50% decrease. The decrease was due to a 32% decline in number of wells drilled in western Canada (Source: PSAC) as persistent wet weather, throughout Western Canada, caused significant delays in drilling activity during the quarter. The division generated sales of $13.3 million for the nine months ended September 30, 2019 compared to sales of $24.2 million for the same period of 2018. The number of wells drilled in Q3 2019 in Western Canada was 1,364 compared to 2,004 in 2018, representing a decrease of 32% (Source: PSAC).

US

US Fluids Distribution sales were $12.3 million and $41.6 million for the three and nine months ended September 30, 2019 representing decreases of $4.5 million and $11.8 million respectively compared to the same periods in 2018. The 27% quarter over quarter decrease mainly related to reduced drilling activity in major resources plays in the USA. The US average rig count decreased 12% for the three months ended September 30, 2019 compared to the same period last year (Source: Baker Hughes) which resulted in lower demand for drilling fluid products in US regions that Bri-Chem serves. Oklahoma and Texas have experienced larger decreases in rig activity during the quarter, as well performance is not as robust and operating costs are higher than first forecasted by operators. As a result, many operators have curtailed drilling programs which negatively impacted demand for fluids. In addition, certain regions in the USA, namely Oklahoma and Texas experienced wet weather which adversely impacted drilling activity levels. The average number of active rigs operating during the nine months ended September 30, 2019 was 920 compared to 1,051 rigs running for the same comparable period of 2018.

Fluids Blending & Packaging Division

Canada

For the third quarter, the Canadian Fluids Blending and Packaging division recorded sales of $2.1 million compared to sales of $4.3 million for the same comparable quarter of 2018. The 50% decrease was due to lower number of wells drilled and the wet drilling conditions during the quarter that negatively impacted toll blended products and bulk commodity packaged products. The division generated sales of $7.0 million for the nine months ended September 30, 2019, a decrease of $4.1 million or 37% over the comparable three quarters of 2018.

US

US Fluids Blending and Packaging sales for the three months and nine months ended September 30, 2019 were $3.1 million and $8.5 million compared to $1.6 million and $5.0 million for the same comparable periods in 2018 representing increases of $1.5 million and $3.5 million respectively. The increases were the result of increased well abandonment work and cementing work in the state of California. In addition, the Company is providing cement to drilling off the coast of California which has provided an additional increase in sales activity.

Divisional Gross Margin

(in 000's)	Three months ended September 30 2019	%(1)	2018	%(1)	Change $	Change %	Nine months ended September 30 2019	%(1)	2018	%(1)	Change $	Change %
Fluids distribution												
Canada	**$ 564**	13.0%	$ 941	10.9%	$ (377)	(40%)	**$ 1,526**	11.5%	$ 2,882	11.9%	$(1,356)	(47%)
USA	**1,978**	16.1%	2,770	16.5%	(792)	(29%)	**6,241**	15.0%	5,681	10.6%	560	10%
	2,542	15.3%	3,711	14.6%	(1,169)	(32%)	**7,767**	14.1%	8,563	11.0%	(796)	(9%)
Fluids blending & packaging												
Canada	**541**	25.7%	916	21.9%	(375)	(41%)	**1,649**	23.6%	2,373	21.3%	(724)	(31%)
USA	**1,176**	37.9%	473	30.1%	703	149%	**3,143**	36.9%	1,640	33.0%	1,503	92%
	1,717	33.0%	1,389	24.1%	328	24%	**4,792**	30.9%	4,013	24.9%	779	19%
Total gross margin	**$ 4,259**	19.5%	$5,100	16.4%	$ (841)	(16%)	**$12,559**	17.8%	$ 12,576	13.4%	$ (17)	(0%)

(1) Expressed as a percentage of divisional sales

Consolidated gross margin for the three months ended September 30, 2019 was $4.3 million, $841 thousand lower compared $5.1 million from the same period last year. The decrease relates to overall decrease in oil and gas drilling that occurred throughout North America during the third quarter. Gross margin as a percentage of sales increased by 2.9% to 19.5% in Q3 2019 as the Company experienced higher margins in its all divisions with a more favourable mix of sales in its Canadian Fluids division and less low margin commodity products being sold in the quarter.

Fluids Distribution Division

Canada

Canadian Fluids Distribution gross margin averaged 13.0% for the third quarter ended September 30, 2019 and 11.5% for the nine months of 2019 compared to average gross margin of 10.9% and 11.9% for the same comparable periods in 2018. During Q3 2019, the Company experienced improved margins as the division sold fewer lower margin commodity products as well as adjusted selling prices to improve margins. The market is continuing to work through excess inventory which has resulted in slight improvements in margins in certain products. Over the short to medium term, we anticipate margins will remain consistent to those experienced in the third quarter of 2019.

US

US Fluids Distribution gross margin for the three months ended September 30, 2019 were 16.1%, which was consistent with margins compared to in Q3 2018, while gross margins rose to 15.0% for the nine months of 2019 compared to 10.6% for the same comparable period of 2018. The improvement in gross margins was due to the division no longer operating in two west Texas warehouses where margins were lower given sales of low margin products like oil-based mud and barite being sold in a highly competitive market. In 2018 the division had one-time sales of inventory below cost to clear out inventory and fully exist two West Texas warehouses. If we exclude the effect of the one-time sales below cost, gross margins would have been 17.5% for the nine months of 2018. Margins were slightly lower in Q3 2019 compared to adjusted gross margins of Q3 2018 as the division incurred more transportation charges during 2019 in an effort to reduce inventory by moving inventories from less active warehouses to more robust warehouses. With inventory levels right sized in the majority of the resource plays in the US, the division forecasts gross margins to be similar to those experienced in Q3 2019 for the remainder of 2019 and into 2020.

Fluids Blending & Packaging Division

Canada

Canadian Fluids Blending & Packaging division gross margin improved to 25.7% for the three months ended September 30, 2019 while improving to 23.6% for the nine months of 2019 an increase of 3.8% and 2.3% over the same comparable periods of 2018. The increases quarter over quarter and year over year was the result of more sales of higher margin products from the blending of stimulation and production chemicals compared to lower margin toll blending volumes which have decreased due to lower activity levels. Over the short to medium term we expect margins to remain consistent for the remainder of 2019 and in to 2020.

US

The US Fluids Blending & Packaging division generated gross margins of 37.9% for the three months ended September 30, 2019 compared to 30.1% for the same comparable period in 2018. The increase was due to overall increase in abandonment and new cementing work in California. In addition, the Company obtained new offshore cementing work that improved margins during the quarter and throughout 2019. The offshore work is expected to continue for the remainder of 2019 and margins should remain consistent.

Salaries and Benefits

	Three months ended September 30		Change		Nine months ended September 30		Change	
(in 000's)	2019	2018	$	%	2019	2018	$	%
Salaries and benefits	**$ 1,929**	$ 2,460	$ (531)	(22%)	**$ 6,292**	$ 7,326	$(1,034)	(14%)

Salaries and benefits decreased for the three and nine months ended September 30, 2019 compared to the prior year periods as the Company adjusted its workforce based on current drilling activity levels. The Company continued its infrastructure reduction program and eliminated staff both in Canada and the USA. The decrease year over year includes utilizing less contract labour in the US Fluids Distribution division and overall decrease in employee headcount in Canada and the USA due to activity levels. The Company employed 72 (32 Canada and 40 US) employees at September 30, 2019 compared to 80 (35 Canada and 45 US) at September 30, 2018. Management is continuing to review its infrastructure and may adjust its headcount given market demand for its products over the short to medium term.

Selling, General, and Administration

(in 000's)	Three months ended September 30 2019	2018	Change $	%	Nine months ended September 30 2019	2018	Change $	%
Selling	$ 88	$ 178	$ (90)	(51%)	$ 297	$ 557	$ (260)	(47%)
Professional and consulting	196	(125)	321	(257%)	553	326	227	70%
General and administrative	488	644	(156)	(24%)	1,058	1,622	(564)	(35%)
Rent, utilities, and occupancy costs	589	849	(260)	(31%)	1,446	2,790	(1,344)	(48%)
Total selling, general and administration	$ 1,361	$ 1,546	$ (185)	(362%)	$ 3,354	$5,295	$(1,941)	(60%)

Selling expenses relate to meals and entertainment, transportation, and travel incurred by Bri-Chem's sales team. Selling expenses for the three and nine months ended September 30, 2019 decreased by $90 thousand and $260 thousand respectively compared to the same periods in 2018. The decreases relate to lower advertising and promotion costs of $70 thousand, and less travel of $151 thousand as a senior executive member left the Company in Q3 2018 resulting in less expenses during the quarter and year to date. In addition, the Company also eliminated general managers in two of its Canadian operating divisions that also travelled to oversee operations.

Professional and consulting fees increased by $321 thousand for the three months ended September 30, 2019 compared to the same period last year as last years decrease relates to reversal of prior 2018 period accruals for legal and accounting fees. For the nine months of 2019, professional and consulting fees increased by $227 thousand as the Company has adjusted accruals for annual financial statement audit fees, bank audits as well as increased legal fees related to more aggressive collections of outstanding accounts receivable balances.

General and administration expenses for the three months ended September 30, 2019 decreased by $156 thousand compared to the same period last year, and fell significantly by $564 thousand for the nine months of 2019 compared to the same periods in 2018. The difference is due to a large recovery of a previously written off bad debt of accounts receivable. The Company recorded a recovery of bad debts during 2019 of $34 thousand compared to a bad debt expense for the nine months of 2018 of $460 thousand. In addition, computer services and office costs decreased by $49 thousand year over year.

Rent, utilities, and occupancy costs decreased by $260 thousand for the three months ended September 30, 2019 compared to the same period last year as a result of the adoption of IFRS 16 which reduced rent expense by $211 thousand. Adjusting for this, rent, utilities, and occupancy costs for the three months ended September 30, 2019 decreased by $49 thousand compared to the same period last year due to the closure of two warehouses in west Texas in Q2 2018 and reduction of lease costs in Leetsdale, Pennsylvania. For the nine months of 2019, the IFRS 16 adoption reduced rent expense by $811 thousand, the remaining decrease related to the closure of two warehouses in West Texas and restructuring of warehouse leases to reduce costs.

Restructuring Costs

(in 000's)	Three months ended September 30 2019	2018	Change $	%	Nine months ended September 30 2019	2018	Change $	%
Restructuring	$ -	$ 71	$ (71)	(100%)	$ 24	$ 719	$ (695)	(97%)

Throughout 2019, management has been controlling its infrastructure to coincide with drilling activity levels. Restructuring costs include one-time moving costs, severance expenses and other costs that relate to infrastructure restructuring which management has determined is not part of normal operations.

During Q1 2018, management made the decision to shut down operations of two west Texas warehouses due to their lower than targeted gross margins and EBITDA. Management determined that capital and cashflow resources were better utilized in other more profitable regions. As a result, the Company incurred a number of restructuring costs related to the shut down of these facilities which included clean out of oil-based storage tanks, additional transportation costs for moving inventory, and equipment transportation costs. The majority of these costs were incurred in Q2 2018.

Depreciation on Property and Equipment

(in 000's)	Three months ended September 30 2019	2018	Change $	%	Nine months ended September 30 2019	2018	Change $	%
Depreciation on property and equipment	**$ 435**	$ 269	$ 166	62%	**$ 1,438**	$ 790	$ 648	82%

Depreciation on property and equipment for the three and nine months ended September 30, 2019 increased $166 thousand and $648 thousand compared to the same periods in 2018. These increases were due to the depreciation on right-of-use assets recognized upon adoption of IFRS 16. Adjusting for non-IFRS16, depreciation on property and equipment decreased $28 thousand and $108 thousand for the three and nine months ended September 30, 3019 due to a lower depreciable asset base.

Financing Costs

(in 000's)	Three months ended September 30 2019	2018	Change $	%	Nine months ended September 30 2019	2018	Change $	%
Interest on short-term operating debt	**$ 311**	$ 456	$ (145)	(32%)	**$ 1,104**	$ 1,354	$ (250)	(18%)
Interest on long-term debt	**259**	231	28	12%	**733**	692	41	6%
Interest on obligiatons under finance lease	**36**	-	36	100%	**119**	2	117	5850%
Cash interest paid	**606**	687	(81)	(12%)	**1,956**	2,048	(92)	(4%)
Add non-cash interest expense:								
Amortization of deferred financing costs	**52**	23	29	126%	**143**	67	76	113%
Total interest expense	**$ 658**	$ 710	$ (52)	(7%)	**$ 2,099**	$ 2,115	$ (16)	(1%)

Interest on short-term operating debt decreased by $145 thousand and $250 thousand for the three and nine months ended September 30, 2019 compared to the same prior year periods as the Company maintained a lower average bank indebtedness balance. Interest on long-term debt for the three and nine months ended September 30, 2019 increased slightly due to an increase in interest rate as part of the debt amendments. Interest on obligations under finance lease for the three and nine months ended September 30, 2019 increased due to interest on finance lease obligations recognized upon adoption of IFRS 16. Adjusting for this, interest on obligations under finance lease increased marginally.

Foreign Exchange (Gain) / Loss

(in 000's)	Three months ended September 30 2019	2018	Change $	%	Nine months ended September 30 2019	2018	Change $	%
Foreign exchange (gain) / loss	**$ 17**	$ (62)	$ 79	(127%)	**$ (69)**	$ 231	$ (300)	(130%)

The Canadian dollar compared to the US dollar remained relatively unchanged for the third quarter of 2019, which resulted in a small foreign exchange loss for the quarter. Foreign exchange (gain) / loss for the nine months of 2019 increased $300 thousand due to the depreciation of the Canadian dollar relative to the US compared to the same period last year. This increase in the Canadian dollar exchange rate caused the Company to have a favourable position on certain net advances denominated in USD, which resulted in a foreign exchange gain.

Income Tax (Recovery) / Expense

(in 000's)	Three months ended September 30 2019	2018	Change $	%	Nine months ended September 30 2019	2018	Change $	%
Current	$ 31	$ (167)	$ 198	(119%)	$ (27)	$ (551)	$ 524	(95%)
Deferred	-	200	(200)	(100%)	-	437	(437)	(100%)
Total income tax expense	$ 31	$ 33	$ (2)	(6%)	$ (27)	$ (114)	$ 87	(76%)

The provision for income taxes for the three months ended September 30, 2019 is a net expense of $31 thousand as the Company was profitable in its US consolidated operations but was offset by the Canadian consolidated tax position. The deferred tax expense is due to the utilization of deferred tax assets that would be utilized during the year as a result of tax planning initiatives, and the Company is offsetting any deferred tax recovery with a valuation provision to not recognize any potential future tax benefit given current market conditions. Bri-Chem's effective income tax rate was 27% during Q3 2019 (Q3 2018 - 27%).

Adjusted EBITDA and Net (Loss) / Earnings

(in 000's)	Three months ended September 30 2019	2018	Change $	%	Nine months ended September 30 2019	2018	Change $	%
Adjusted EBITDA	$ 954	$ 1,377	$ (423)	31%	$2,982	$ 1,870	$1,112	59.5%
As a % of sales	4%	4%			4%	2%		
Net (loss) / earnings	$ (170)	$ 61	$ (231)	378.7%	$ (552)	$ (3,785)	$3,233	85.4%
As a % of sales	-1%	0%			-1%	(4%)		

Adjusted EBITDA was $954 thousand for the three months ended September 30, 2019 compared to $1.4 million in the same period last year, while adjusted EBITDA was $3.0 million for the nine months of 2019 compared to $1.9 million for the same period of 2018. Adjusted EBITDA as a percentage of sales was 4% for the third quarter of 2019 consistent to same comparable period last year. This decrease was due to lower sales in the quarter due to a decline in drilling activity levels in North America. Net loss was $170 thousand and $552 thousand for the three and nine months ended September 30, 2019 compared to net earnings of $61 thousand and net loss of $3.8 million in the same periods last year.

SUMMARY OF QUARTERLY DATA

Bri-Chem's quarterly results are materially impacted by seasonality factors, particularly in its Canadian operations. Typically, the first quarter of the calendar year is very active, followed by a much slower second quarter due to spring breakup where provincial and county road bans restrict movement of heavy equipment which negatively impacts demand for the Company's drilling fluid products in Canada. The following is a summary of selected financial information for the last eight quarters:

(in 000's)	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2 [2]	2018 Q1	2017 Q4
Sales	$ 21,800	$ 22,721	$ 25,898	$ 27,705	$ 31,159	$ 27,255	$ 35,318	$ 27,917
Gross margin ($)	4,259	3,721	4,579	3,909	5,101	2,079	5,447	5,030
Gross margin (%)	19.5%	16.4%	17.7%	14.1%	16.4%	7.6%	15.4%	18.0%
Adjusted EBITDA [1]	954	447	1,602	580	1,376	(366)	924	1,772
Net earnings/(loss)	$ (170)	$ (741)	$ 359	$ (5,570)	$ 61	$ (3,740)	$ (106)	$ 690
Basic and diluted earnings/(loss) per share	$ (0.01)	$ (0.03)	$ 0.02	$ (0.23)	$ -	$ (0.16)	$ -	$ 0.03

(1) Refer to the "Non-IFRS Measures" section for a definition of non-GAAP terms as well as reconciliations for EBITDA, adjusted operating (loss) income, and adjusted (loss) / net earnings.

(2) During Q2 2018 Bri-Chem discontinued operating from Kermit and Three Rivers, Texas and moved from Enid, Oklahoma to Ada, Oklahoma in an effort to redeploy its inventory and equipment in higher margin opportunities. This restructuring resulted in one-time sales of product below costs amounting to $1.7 million of negative gross margin and shut down and moving costs of $648 thousand.

Quarterly results generally reflect the seasonality factors discussed above. Q3 2019 gross margin % was higher than the previous and prior comparable period quarters due as the Company has seen an increase in sales of higher margin products including production chemicals as well as cement additives in California.

FINANCIAL CONDITION AND LIQUIDITY

The Company's primary liquidity needs are to fund ongoing operations, service existing debt obligations, fund capital expenditures, finance growth opportunities, including potential acquisitions. Bri-Chem relies on cash from operations, bank indebtedness, long-term debt and equity financing.

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 its inventory and operating costs. The Company's cash flow from operations has historically been enough to meet the Company's working capital, capital expenditure and debt servicing requirements.

Working capital position (000's)		September 30 2019		December 31, 2018
Current assets	**$**	**40,485**	$	60,971
Current liabilities		**23,950**		42,995
Working capital	**$**	**16,535**	$	17,976

As at September 30, 2019, the Company had positive working capital of $16.5 million compared to $18.0 million at December 31, 2018. The Company's current ratio (defined as current assets divided by current liabilities) was 1.69 to 1 compared to 1.42 to 1 as at December 31, 2018.

Summary of cash flows (000's)		September 30 2019		September 30 2018
Operating activites	**$**	**17,060**	$	(2,331)
Investing activities		**(16,950)**		3,083
Financing activityies		**(110)**		(752)
Change in cash position	**$**	**-**	$	-

For the nine months ended September 30, 2019, $17.1 million of cash was generated by operating activities compared to cash used of $2.3 million for the same period last year. This increase was mainly due to a positive change in working capital, particularly lower inventory as the Company reduced inventories throughout the period in Canada and the US. In addition, the Company focused on collection of accounts receivable during 2019 that resulted in increased cash inflows, which were partially offset by decreased accounts payable and accrued liabilities. Cash used in financing activities was $17 million for the period ended September 30, 2019, compared to cash generated of $3.1 million for the same comparable period. This decrease was due to $13.4 million of bank indebtedness repayments. In addition, the Company paid $2 million of interest on its credit facilities and repaid $625 thousand of its term debt during 2019. Cash used in financing activities was $110 thousand for the three quarters of of 2019 compared to $752 thousand for the same comparable period. The decrease was the result of less capital projected during 2019.

On December 24, 2018 the ABL Facility was amended to replace the fixed charge coverage ratio with a minimum total net worth covenant and a minimum trailing twelve-month EBITDA covenant. Minimum total net worth is defined as 90% of equity less prepaids, intangibles, and goodwill. Minimum trailing twelve-month EBITDA is defined as a prescribed level of EBITDA. The ABL facility requires the Company to maintain certain financial covenants which are monitored monthly. The same financial covenants apply to the GreyPoint facility.

On May 9, 2019, the Company amended the terms of the ABL Facility to decrease the maximum borrowing base down to $30,000,000 with a further reduction down to $25,000,000 by September 1, 2019. Other amendments include a borrowing base block of $500,000 on May 9, 2019 and increasing in increments of $500,000 on the last day of each month until a maximum borrowing base block of $3,000,000 is reached on the last day of September 2019. In addition, the agreement amended financial covenants of minimum trailing twelve month EBITDA and minimum tangible net worth.

On May 9, 2019, the Company amended the terms of its subordinated term debt agreement that amended the financial covenants to the same as the senior lender.

A summary of the Company's financial covenants which it was in compliance with as at September 30, 2019 are as follows:

	September 30, 2019	**Covenant**	December 31, 2018	Covenant
Eligible capital expenditures	**$ 110,100**	**Not to exceed $251,000**	$ 850,552	Not to exceed $2,241,600
Minimum tangible net worth	**$ 18,285,460**	**Must exceed $16,700,000**	$ 19,940,558	Must exceed $16,931,000
Minimum trailing twelve month EBITDA	**$ 2,666,095**	**$ 1,250,000**	$ 2,949,231	Must exceed $2,300,000

RISKS AND UNCERTAINTIES

Volatility of Oil and Natural Gas Industry Conditions

The demand, pricing and terms for Bri-Chem's drilling fluid products depend upon the level of industry activity for oil and natural gas in the resource basins it serves. Industry conditions can be influenced by factors over which the Company has no control, including: oil and natural gas prices; expectations about future oil and natural gas prices; the cost of exploring for, producing and delivering oil and natural gas; the expected rates of declining current production; the discovery rates of new oil and natural gas; available pipeline and other oil and natural gas transportation capacity; demand for oil and natural gas; weather conditions; and political, regulatory and economic conditions in North America. Current global economic events and uncertainty have the potential to significantly impact commodity pricing. No assurance can be given that expected trends in oil and natural gas activities will continue or that demand for services provided by Bri-Chem will reflect the level of activity in the industry. Any prolonged substantial reduction in oil and natural gas would likely affect activity levels in these industries and therefore affect the demand of Bri-Chem's products.

Credit Risk

As a result of the continued volatility in the North American oil and natural gas markets, the Company is exposed to heightened credit risk because a substantial portion of the Company's dealings are with entities involved in the oil and gas industry. Regarding accounts receivable, the Company remains focused on actively managing credit risk. Management has remained diligent in assessing credit levels granted to customers, monitoring the aging of receivables and taking proactive steps to collect outstanding balances. No one customer accounted for more than 10% of sales in 2019. . Bri-Chem's top 5 customers account for approximately 32% of revenue for the nine months ended September 30, 2019 (September 30, 2018 – 28%). 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, or any significant decrease in sales to a customer, or prices paid or any other changes to the terms of service with a customer, could have a material adverse impact on the financial results, cash flows, and overall financial condition of the Company.

Transportation and Distribution Network Risk

The Company relies on a large distribution network to manage the sale of inventory 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. A significant disruption to its transportation and distribution network could have a material adverse impact to the Company.

Cyber Security

Bri-Chem manages cyber security risk by ensuring appropriate technologies, processes and practices are effectively designed and implemented to help prevent, detect and respond to threats as they emerge and evolve. The primary risks to Bri-Chem include, loss of data, destruction or corruption of data, compromising of confidential customer or employee information, leaked information, disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and reputational damage. Bri-Chem applies technical and process controls in line with industry-accepted standards to protect its information assets and systems. Data backup and recovery processes are in place to minimize risk of data loss and resulting disruption of business. As result of the unpredictability of the timing, nature and scope of disruptions from cyber-attacks, Bri-Chem could potentially be subject to: operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of its systems and networks or financial losses, any of which could have a material adverse effect on Bri-Chem's reputation and competitive position, financial condition or results of operations.

Government Regulation

Bri-Chem is subject to a variety of federal, provincial, state, and local laws in Canada and the US, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Bri-Chem invests financial and managerial resources to ensure such compliance. Although such expenditures are generally not material to companies such as Bri-Chem, such laws or regulations are subject to change. Accordingly, it is impossible for Bri-Chem to predict the cost or impact of such laws and regulations on its future operations.

Seasonal Operations

Bri-Chem's Canadian operations are affected by the seasonality normally associated with the western Canadian oil and natural gas drilling industry. During the year, the busiest months are January through March and the slowest months are April through September when soft ground conditions hinder the movement of heavy equipment. Bri-Chem's US operations are not impacted by seasonality to the same degree as its Canadian operations.

OFF-BALANCE SHEET FINANCING

Bri-Chem has no off-balance sheet financing.

TRANSACTIONS WITH RELATED PARTIES

During the three and nine months ended September 30, 2019 the Company incurred office sharing costs that were paid to a company over which a Director has control. A summary of these costs for the periods presented is as follows:

	Three months ended September 30		Change		Nine months ended September 30		Change	
(in 000's)	2019	2018	$	%	2019	2018	$	%
Office sharing costs	**$ 9**	$ 9	$ -	0%	**$ 27**	$ 27	$ -	0%

CRITICAL ACCOUNTING ESTIMATES

Bri-Chem's critical accounting estimates are discussed in Note 2 of the financial statements for the years ended December 31, 2018 and 2017. There have been no changes to the Company's critical accounting estimates as of September 30, 2019.

CHANGES IN ACCOUNTING POLICIES

Bri-Chem's accounting policies are discussed in Note 2 of the financial statements for the years ended December 31, 2018 and 2017. On January 1, 2019 the Company adopted IFRS 16 "Leases" which is discussed in Note 3 of the September 30, 2019 interim condensed consolidated financial statements.

OUTSTANDING SHARES

As at November 12, 2019, the Company had 23,923,981 common shares issued and outstanding and no potentially dilutive shares. The Company had 1,120,000 stock options outstanding as at September 30, 2019.

On November 6, 2019, Bri-Chem received a letter from the TSX indicating that the TSX had commenced a remedial review of Bri-Chem's eligibility for continued listing on the TSX of its securities, pursuant to Part VII (S.712(a)) of the TSX Manual (Market Value of listed securities(units) of $3.0 million for 30 previous consecutive trading days). In response to the aforementioned letter from the TSX, the board of directors of Bri-Chem have reviewed the TSX eligibility for listing requirements as outlined in the TSX Manual in relation to Bri-Chem's recent share price and trading activity on the TSX. If the Company cannot demonstrate that it meets all TSX requirements set out in Part VII of the Manual on or before March 5, 2020, the Company's securities will be delisted 30 days from such date and Bri-Chem will take all reasonable and prudent steps as required to coordinate a proposed transfer of our listing to the TSX Venture Exchange to ensure, to the extent possible, uninterrupted trading for the Company's securities.

NON-IFRS MEASURES

Bri-Chem uses certain measures in this MD&A which do not have any standardized meaning as prescribed by IFRS. These measures, which are derived from information reported in the annual consolidated financial statements, may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in this MD&A in order to provide shareholders and potential investors with additional information regarding the Company. These Non-IFRS measures are identified and defined as follows:

Adjusted Net Earnings (Loss) and Adjusted EBITDA

Adjusted Net Earnings (Loss) are defined as net earnings (loss) before non-recurring events, net of corporate income taxes ("Adjusted Net Earnings (Loss)"). Management believes that in addition to net earnings (loss), Adjusted Net Earnings (Loss) is a useful supplemental measure that represents normalized net earnings from the business so that financial statement users can make insightful comparisons between current period and historical results. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, impairment charges, share-based payments, and non-recurring events ("Adjusted EBITDA"). Management believes that in addition to net earnings Adjusted EBITDA is a useful supplemental measure of operating performance that normalizes financing, depreciation, income tax, and other non-recurring charges which are not controlled at the operating level. The following table provides a reconciliation of net earnings (loss) under IFRS, as disclosed in the annual consolidated financial statements, to Adjusted Net Earnings (Loss) and Adjusted EBITDA:

	Three months ended September 30				Nine months ended September 30			
(in 000's)		2019		2018		2019		2018
Net (loss)/earnings	**$**	**(170)**	$	61	**$**	**(552)**	$	(3,785)
Add:								
Restructuring costs (1)		**-**		72		**24**		720
Lost margin on one-time product sales (1)		**-**		220		**-**		2,145
Adjusted net (loss)/earnings		**(170)**		353		**(528)**		(920)
Add:								
Interest		**658**		723		**2,099**		2,115
Income taxes (recovery)		**31**		32		**(27)**		(115)
Depreciation and amortization		**435**		269		**1,438**		790
Adjusted EBITDA	**$**	**954**	$	1,377	**$**	**2,982**	$	1,870

(1) Represents movement of oil-based mud tanks from Leetsdale, Pennsylvania to Clinton, Oklahoma as part of restructuring oil-base mud operations. In Q2 2018, the Company discontinued operating from Kermit and Three Rivers, Texas and moved from Enid, Oklahoma to Ada, Oklahoma in an effort to redeploy inventory and equipment in higher margin opportunities. This restructuring resulted in one-time sales of product below cost amounting to $1.7 million of negative gross margins and shut down and moving costs of $648 thousand.

Adjusted Operating Earnings

Adjusted operating earnings are defined as operating earnings before non-recurring events ("Adjusted Operating Earnings"). Management believes that in addition to operating earnings, Adjusted Operating Earnings is a useful supplemental measure that represents normalized net earnings from the business so that financial statement users can make insightful comparisons between current period and historical results. The following table provides a reconciliation of operating earnings under IFRS, as disclosed in the annual consolidated financial statements, to Adjusted Operating Earnings:

	Three months ended September 30				Nine months ended September 30			
(in 000's)		2019		2018		2019		2018
Operating (loss)/income	**$**	**535**	$	754	**$**	**1,451**	$	(1,554)
Add:								
Restructuring costs (1)		**-**		72		**24**		720
Lost margin on one-time product sales (1)		**-**		220		**-**		2,145
Adjusted operating (loss)/income		**535**		1,046		**1,475**		1,311

(1) Represents movement of oil-based mud tanks from Leetsdale, Pennsylvania to Clinton, Oklahoma as part of restructuring oil-base mud operations. In Q2 2018, the Company discontinued operating from Kermit and Three Rivers, Texas and moved from Enid, Oklahoma to Ada, Oklahoma in an effort to redeploy inventory and equipment in higher margin opportunities. This restructuring resulted in one-time sales of product below cost amounting to $1.7 million of negative gross margins and shut down and moving costs of $648 thousand.

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 September 30, 2019 and, based on that evaluation, have concluded that these controls and procedures are effective in providing such reasonable assurance, except as noted below.

Internal controls over financial reporting (“ICFR”)

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 and ICFR are not effective due to the material weaknesses in ICFR as described below. A material weakness is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

- A material weakness was identified relating to the evaluation of impairment for property and equipment which was corrected and resulted in an impairment charge of $1.6 million for the year ended December 31, 2018. This material weakness did not require adjustment to any prior period.
- Control limitations were identified relating to segregation of duties, review of journal entries and various IT related weaknesses around 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 misstatement has occurred related to segregation of duties. However, these mitigating procedures may not be considered enough 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 ICFR

There were no changes in the Company’s ICFR during the three months ended September 30, 2019 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, except as noted above, 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 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 19 and in the Company’s Annual Information Form (AIF) for the year ended December 31, 2018 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

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Chairman, President, CEO and Director
Edmonton, Alberta

Jason Theiss, CPA, CA
CFO
Spruce Grove, Alberta

Albert Sharp(1) (2)
Director
Spruce Grove, Alberta

Eric Sauze, CPA, CA, CFA(1) (2)
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Brian Campbell(1)
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(1) Member of Audit Committee
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