BRI-CHEM CORP.
ANNUAL INFORMATION FORM

For the Year Ended December 31, 2021

March 30, 2022

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GLOSSARY OF TERMS

The following is a glossary of terms and abbreviations used frequently throughout this Annual Information Form.

"ABCA" means the Business Corporations Act (Alberta);

"ABL Facility" means Asset Based Lending Facility;

"AIF" means this Annual Information Form including the schedules hereto;

"Acquisition" means the acquisition or purchase of common shares of an entity, including the acquiring of all assets and the assumption of all liabilities;

"BSL" means Bri-Chem Supply Ltd.;

"BSU" means Bri-Chem Supply Corp, LLC;

"Bri-Chem" or the **"Company"** means Bri-Chem Corp. together with its wholly-owned subsidiary companies, Bri-Chem Supply Ltd., Sodium Solutions Inc., Solution Blend Service Ltd., Bri-Corp USA, Inc., Bri-Chem Supply Corp, LLC, Bri-Chem Logistics, LLC and Sun Coast Materials, LLC, except as otherwise noted;

"CIBC" means the CIBC Asset Based Lending Inc.;

"Common Shares" means common shares in the capital of Bri-Chem;

"EBITDA" means earnings before interest, taxes, depreciation and amortization;

"**GreyPoint"** means GreyPoint Capital Inc.;

"Management" means the senior officers and executive members of Bri-Chem;

"MD&A" means, in relation to financial statements of the Company, management's discussion and analysis thereof which is available on SEDAR online at www.sedar.com;

"MSDS" means Material Safety Data Sheet, a document that contains information on the potential hazards and how to work safely with the chemical product;

"Preferred Shares" means preferred shares in the capital of Bri-Chem;

"Prime Rate" means CIBC's prime rate of interest on loans denominated in Canadian dollars;

"SBS" means Solution Blend Service Ltd.;

"Shareholders" means the holders of Common Shares of Bri-Chem;

"Sodium" means Sodium Solutions Inc.;

"SEDAR" means the System for Electronic Document Analysis and Retrieval located online at www.sedar.com;

"SCM" means Sun Coast Materials, LLC;

"TSX" means the Toronto Stock Exchange;

"US" or **"USA"** means the United States of America; and

"WCSB" means the Western Canadian Sedimentary Basin.

All currency amounts referenced in this AIF are expressed in Canadian dollars, unless otherwise indicated.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this AIF constitute forward-looking statements within the meaning of applicable securities law. These statements relate to future events or Bri-Chem's future plans and performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions, and negative or grammatical variations thereof, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Bri-Chem believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon.

In particular, this AIF contains forward-looking statements pertaining to the following:

- adequacy of capital resources required to finance the Company's inventories and other operations;
- the business objectives of the Company;
- results of operations and the performance of the Company;
- the ability of the Company to extend its credit facilities;
- the ability of the Company to develop its relationships with clients and potential new clients; and
- the ability of the Company to expand and broaden its areas of operation.

With respect to the forward-looking information contained in the AIF, Bri-Chem has made assumptions regarding, among other things:

- the Company's relationships with its key suppliers and customers;
- economic conditions that influence the demand of the Company's customers for supplies and services;
- the Company's cash flow from sales; and
- the availability of existing credit facilities.

Although the forward-looking information contained in this AIF is based upon what Management believes are reasonable assumptions, Bri-Chem cannot assure readers that actual results will be consistent with this forward-looking information. Although the Company believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Some of the risks and other factors, some of which are beyond the Company's control, which could cause results to differ materially from those expressed in the forward-looking information contained in this AIF include, but are not limited to:

- supply and demand for oilfield services and drilling fluid products;
- competition for, among other things, capital and skilled personnel;
- incorrect assessments of the value of acquisitions;
- fluctuations in the market for oil and natural gas and related products and services;
- liabilities and risks, including environmental liabilities and risks inherent in chemical storage and handling and oil and natural gas service operations;
- fluctuations in foreign exchange or interest rates;
- political and economic conditions;
- failure of counter-parties to perform on contracts;
- regional competition;
- the Company's ability to attract and retain customers;
- amounts retained by the Company for capital expenditures;

- volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oil and gas services generally;
- stock market volatility and market valuations;
- volatility in prices for commodity chemicals and the effect of this volatility on the margins on drilling fluid chemical products generally and on the value of inventory;
- unplanned equipment outages and other unforeseen disruptions that may affect operations;
- the presence of heavy competition in the industry in which the Company currently operates;
- general economic conditions in Canada and the United States and globally;
- the availability of capital on acceptable terms; and
- the other factors disclosed under “Risk Factors” in this AIF.

Moreover, the current COVID-19 pandemic, political environments in Canada and the United States of America, including the recent carbon tax levy, pipeline constraints and ability to access foreign markets is adding additional risk to the oil and gas industry in Western Canada, and the continuation of such factors may adversely impact the Company’s anticipated or expected results and may cause the actual results to materially deviate from the forward-looking statements and information contained in this AIF.

Readers are cautioned that these factors and risks are difficult to predict. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Readers are also cautioned that the list of factors above and the risk factors set forth under the heading “Risk Factors” are not exhaustive. Before placing any reliance on any forward-looking statements to make decisions with respect to an investment in securities of Bri-Chem, prospective investors and others should carefully consider the factors identified above and other risks, uncertainties and potential changes that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In addition, the forward-looking statements contained in this AIF are made as of the date of this AIF. Bri-Chem does not undertake any obligation to publicly update or to revise any forward-looking statements except as expressly required by applicable securities laws. The forward-looking statements contained in this AIF are expressly qualified by the cautionary statements contained herein.

COMPANY STRUCTURE

Bri-Chem was incorporated under the ABCA on December 31, 1993. On January 1, 2007, the name of the Company was changed to Bri-Chem Corp.

Bri-Chem is a reporting issuer in the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, and its Common Shares are listed and posted for trading on the TSX under the symbol "BRY". The Company's head office is located at 27075 Acheson Road, Acheson, Alberta T7X 6B1. The registered office of Bri-Chem is 1500, 850 – 2nd Street S.W., Calgary, Alberta, T2P 0R8.

INTERCORPORATE RELATIONSHIPS

The following table provides the name and jurisdiction of incorporation, continuance, formation or organization of the subsidiaries of the Company other than those that, as at December 31, 2021, had an aggregate total assets or revenues that did not exceed 10% of the Company's consolidated assets or consolidated revenues. The Company directly or indirectly owns 100% of the voting securities of the subsidiaries listed below.

Subsidiary	Jurisdiction of Incorporation, Continuance or Organization
Bri-Chem Supply Ltd.	Alberta
Sodium Solutions Inc.	Alberta
Solution Blend Service Ltd.	Alberta
Bri-Corp USA, Inc.	Delaware
Bri-Chem Supply Corp, LLC	Colorado
Sun Coast Materials, LLC	California

DEVELOPMENT OF THE BUSINESS

General Overview

Bri-Chem 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 25 strategically located warehouses throughout Canada and the United States. Bri-Chem has been operating in Canada since 1985 and as a result of the increasing market demand for oilfield chemicals we expanded into the United States in 2011 and have grown our market share since. Additional information about Bri-Chem is available at www.sedar.com.

The Company has managed to sustain and develop its business over the past three years by implementing various right-sizing initiatives, building and maintaining a strong customer base, controlling infrastructure spending, successfully managing warehouse inventory levels, adding new drilling fluid product lines, strategically locating distribution facilities in growing oil and gas regions, and offering value added services such as blending and technical services to our customers.

2019

2019 drilling activity levels were lower than traditional levels as a result of capital drilling programs being cut back due to weak global oil and gas commodity prices. Western Canadian drilling activity continued to a deal with many challenges including access to markets, global demand for oil and gas as well as pipeline constraints. While drilling activity was more robust in the United States, activity levels decreased over the year due to weakening oil prices and access to Asian Pacific markets. Through this time, the Company remained focused on maintaining a strong working capital position and reducing debt while keeping its national infrastructure in place.

ABL Facility Amendments

On May 10, 2019 the Company amended certain terms of its ABL Facility which included a decrease in the maximum borrowing based from $40,000,000 to $25,000,000 along with a block reserve in increments of $500,000 to a maximum of $3,000,000. In addition, the ABL Facility amended certain financial covenants to include an adjusted minimum tangible net worth calculation as well as a minimum level of EBITDA for the remainder of the term up to renewal in November 2020.

GreyPoint Debt Amendments

On May 10, 2019 the Company amended certain financial covenants in its long-term debt agreement with GreyPoint to match those in the ABL Facility agreement with CIBC.

Continued Inventory and Debt Reduction

The Company continued its initiative of reducing inventories in all warehouse locations by purchasing less inventory, moving inventory to more active warehouses and eliminating oil-based mud in Canada. This reduction of inventory was to realign inventory levels with 2019 drilling activity levels as well as to collect money on inventory sold that was used to reduce both credit facilities. The Company continued to be well positioned with the right product mix and the correct quantities to meet demand levels of drilling fluids into 2020 while maintaining a strong working capital position.

2020

The emergence of the COVID-19 pandemic brought increased pressure to energy demand and oil prices from the end of the first quarter, which continued throughout the year. Drilling activity continued to decline as many countries imposed strict lockdown measures which hampered economic activity and the demand for energy. In response the Company pursued and was successful in receiving various grants and subsidies under relief programs implemented by Canadian and US Governments. The Company continues to remain focused on maintaining existing infrastructure and working capital balances to levels suitable to demand needs within the market.

ABL Facility Amendments

On July 16, 2020, the Company further amended the terms of the ABL Facility to extend the term to maturity to October 31, 2021. The agreement also amended the minimum tangible net worth financial covenant and eliminated the minimum trailing twelve-month EBITDA covenant.

GreyPoint Debt Amendments

On July 16, 2020 the Company amended certain financial covenants in its long-term debt agreement with GreyPoint to match those in the ABL Facility agreement with CIBC.

Continued Inventory and Debt Reduction

The Company continued its initiative of reducing inventories in all warehouse locations by purchasing less inventory and moving inventory to more active warehouses. The Company has appropriately maintained its inventory reduction strategy throughout 2020 and is situated to increase its inventory presence on a strategic basis in regions that will realize improved demand in 2021.

2021

ABL Facility Extension and Amendments

On October 20, 2021, the Company entered into an agreement with CIBC to renew its ABL Facility with a borrowing base of $25 million. The ABL Facility is now committed to October 31, 2024, or six months prior to the November 2022 sub debt loan maturity if its not refinanced. In addition to the extension, amendments have been provided that reduced the professional fees associated with the administration of the ABL Facility. The financial covenants of the ABL Facility are consistent with the previous agreement.

On December 29, 2021, the Company amended the terms of the ABL Facility to amend the minimum tangible net worth financial covenant. There were no other changes to ABL Facility as part of the December 29, 2021 amendment.

Stockpiling Initiatives

In the second half of the 2021 period, the Company resumed stockpiling initiatives on specific inventory items in response to the increased activity in the North American oil and gas market.

INDUSTRY OVERVIEW

Drilling Fluids Market

The Company supplies oilfield chemical products and services to drilling fluid engineering, cementing, completion, stimulation and production companies operating in the WCSB in the provinces of Alberta, British Columbia, Saskatchewan and Manitoba and throughout the USA unconventional resource plays in all major drilling regions, including North Dakota, Wyoming, Colorado, Utah, New Mexico, Texas, Pennsylvania, Oklahoma and California. Current North American rig counts performed by Baker Hughes indicate there are significantly more Canadian and US oil and gas rigs operating compared to the same time last year. Such activity levels largely reflect the lifting of government restrictions relating to the of the COVID-19 pandemic and increased demand for oil and gas products.

North American Rig Count (Source: Baker Hughes):

Area	Date of Rig Count	Current # of Rigs	Prior # of Rigs	Change from Prior Count	% Change from Prior Count
Canada	January 31, 2022	217	174	43	24.7%
US	January 31, 2022	610	384	226	58.9%

The success of Bri-Chem's oilfield chemical business is tied to the strength of the oil and gas industry in Western Canada and in major drilling regions in the US and because of this the Company is directly exposed to commodity prices and related capital expenditure budgets of exploration and production entities. Demand for oilfield chemical products and services are cyclical. Drilling rig activity levels and the number of wells forecasted to be drilled are leading indicators for industry demand of oilfield chemicals. The Petroleum Services Association of Canada forecasts a total of 5,400 wells to be drilled in Canada in 2022 and the Canadian Association of Drilling Contractors ("CAODC") released a rig forecast subsequent to the lifting of most COVID-19 restrictions in operating regions indicating they project 6,457 wells to be drilled in 2022 while the number of wells forecasted to be drilled in the USA is 14.985 according to Spears and Associates.

The industry realized a modest recovery in the second half of 2021 as governments lifted pandemic restrictions associated with COVID-19 and the increased demand for oil and gas in the North American marketplace. Drilling activity is expected to trend in this direction, however uncertainty exists about the potential of emerging new variants of COVID-19 or supply disruption in the global markets that could have further impact on the recovery of the North American oil and gas sector. The potential impacts of these events cannot be reliably measured.

Over the long-term, the Company continues to be optimistic about the impact that LNG Canada's $40 billion liquefied natural gas (LNG) project in Kitimat, B.C. will have on the natural gas sector in North-West Alberta and North-East B.C., which will be required to support LNG Canada's natural gas needs. The Company also looks forward to construction of the Trans Mountain pipeline continuing to proceed, which will provide additional takeaway capacity for Western Canadian crude oil.

See "*Risk Factors – Industry Conditions*".

Drilling activity has become more complex as a result of the increased number of deeper horizontal wells drilled over the past few years. Deeper wells can encounter issues such as wellbore stability, pressure, lost circulation, stuck pipe, torque and drag which generally require an increased volume of drilling fluids. In addition, there has been a shift in the number of horizontal wells being drilled which requires more drilling fluids. As horizontal drilling and multi-staged fracking applications are now the norm, Bri-Chem is well positioned to service the demand for drilling fluids through its diverse drilling fluid product offerings and extensive warehouse network.

Seasonal and Cyclical Nature of the Business

Weather conditions can affect the sale of the Company's products and services, particularly in Canada. The ability to move heavy equipment in the WCSB is highly dependent on weather conditions. As a result, there are three cycles of drilling activity in the WCSB: 1) 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; 2) 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; and, 3) 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 can have a large impact on the Company's activity levels because 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. With the addition of SCM in 2013 and BSU in 2011, these divisions have reduced the impact of seasonality in the overall business because they are less dependent on drilling activity in Canada as both divisions operate in the US oilfield chemical market.

BUSINESS OF THE COMPANY

Company Overview

Bri-Chem is a leading North American wholesale distributor, blender, and packager of oilfield chemicals to the oil and gas industry in North America. The Company was founded in 1985, and is headquartered in Edmonton, Alberta. The Company owns 100% interest in Bri-Chem Supply Ltd., 100% interest in Sodium Solutions Inc., 100% interest in Solution Blend Service Ltd., 100% interest in Bri-Corp USA, Inc., which has three 100% owned subsidiaries, Bri-Chem Supply Corp, LLC, Sun Coast Materials, LLC and Bri-Chem Logistics, LLC. Bri-Chem continues to concentrate on maintaining its market presence with a focus on increasing its value-added services throughout North America.

Oil and Gas Drilling Fluids Division

Bri-Chem's main business activity is in the wholesale distribution of oilfield chemicals to the oil and gas industry in North America. Bri-Chem supplies, blends and packages drilling fluid products in a wide variety of weights and clays, lost circulation materials, chemicals 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 success is attributed to its comprehensive network of 25 strategically placed and well-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. The WCSB drilling fluid supply business experiences some seasonality with the spring (April and May) generally being the slowest period, as customers in the natural resource sectors experience a slowdown in their activity. The peak season is in the late fall (October and November) and winter (January and February) when customers are not constrained by weather conditions to perform their activities. The US drilling fluids market is larger than the Canadian market and it does not experience the same seasonality compared to Canada which allows demand for drilling fluid products to be more consistent throughout the year.

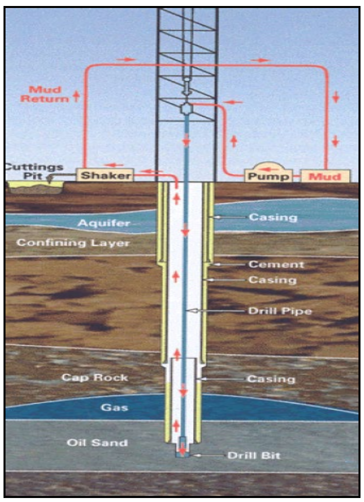
Product Category	Main Industries Served	% of Aggregate Revenue
North American Drilling Fluids	Oil and Gas	Fiscal 2021: 73.5% Fiscal 2020: 70.0% Fiscal 2019: 77.3%
North American Cementing, Acidizing and Stimulating Fluids	Oil and Gas	Fiscal 2021: 26.5% Fiscal 2020: 30.0% Fiscal 2019: 22.7%

Oilfield Chemical Distribution

Principal Products or Services

The principal business activity of Bri-Chem is the wholesale distribution of oilfield chemicals for the North American oil and gas industry. Drilling fluids, also called drilling mud, is a circulating fluid comprised of many blended oilfield chemical products that make-up a complex engineered fluid system which is used for drilling oil and natural gas wells. The drilling fluid is pumped from the surface through the hollow drill string, exits through nozzles in the drill bit, and returns to the surface through the annular space between the drill string and the walls of the hole. As the drill bit grinds rocks into drill cuttings, these cuttings become entrained in the mud flow and are carried to the surface. In order to return the mud to the recirculating mud system and to make the solids easier to handle, the solids must be separated from the mud. The first step in separating the cuttings from the mud involves circulating the mixture of mud and cuttings over vibrating screens called shale shakers. The liquid mud passes through the screens and is recirculated back to the mud tanks from which mud is withdrawn for pumping downhole. The drill cuttings remain on top of the shale shaker screens.

The three primary purposes of drilling mud or drilling fluids is illustrated as follows:



1. Remove cuttings from the formation produced by the bit at the bottom of the hole and carry them to the surface. This is achieved by adjusting the rheology of the mud system.

2. Lubricate and cool the drill bit during operation as friction causes high temperatures downhole that can limit tool life and performance.

3. Maintain hydrostatic equilibrium so that fluids and gas from the formation do not enter the well bore causing the well to flow, kick or blow out. This is achieved by adjusting the mud weight (density). High-density additives (barite, hematite) are used for preparation of kill-weight fluids, which create hydrostatic pressure that prevents water entering the well or to hold the oil/gas inside, preventing a blowout and to physically stabilize the formation.

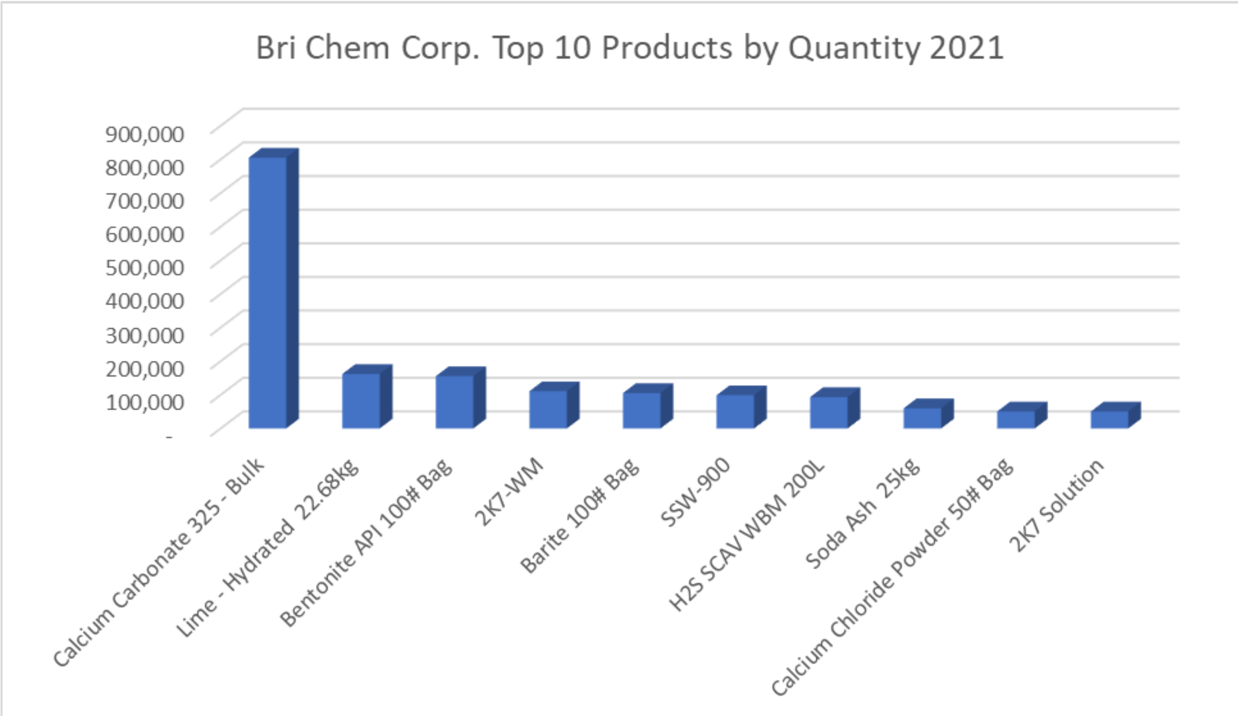
Market

Bri-Chem services the drilling sector of the North American oil and gas industry through its subsidiaries BSL in Canada and BSU in the USA. The business has evolved and prospered by supplying the required drilling fluid products, offering technical solutions, building and fostering relationships along with exceeding customer expectations and growing with the industry. Much of the drilling fluids division success is attributed to their comprehensive network of strategically placed and prudently managed warehouses located throughout western Canada and the USA.

Drilling activity in major resource plays includes wells drilled vertically, directionally, and with increasing frequency, horizontally, in conjunction with multi-stage fracturing technology. Horizontal and deeper wells are faced with a range of drilling, stability, pressure and other issues which generally require a greater volume of drilling fluids. Horizontal drilling is a technique often utilized in formations like tight gas, tight oil, in heavy oil, and in the oil sands. These wells require a significant amount of development and infrastructure costs and have a medium to high drilling complexity requiring more technically advanced fluids to maximize successful drilling.

Product Lines

BSL and BSU have access to over 100 different products in a wide variety of weights and clays, loss circulation materials, chemicals and oil mud products. Due to the nature and quality of the materials used, the division does not separately track their product lines. In order to ensure that the product inventory is being fully utilized, the division's management periodically reviews inventory for turnover. The fluids division management believes that each location should be well stocked to deal with every situation.



Distribution Method

BSL has 12 stock points or warehouses that are strategically located across Alberta, Saskatchewan and British Columbia. BSL has service agreements with trucking companies to store its inventory at their premises in exchange for a nominal or a small handling charge in exchange for delivery services as they occur. These favorable arrangements reduce storage costs, guarantees delivery service times, and generally reduce logistical issues.

BSU has 13 warehouses that are strategically located in the major drilling regions in the USA. BSU looks for similar trucking agreements to those in Canada; however, BSU is required to lease warehouses in certain regions due to a lack of oilfield transportation and warehousing companies in those regions. As a result of BSU expanding from 3 to 13 warehouses, management has been able to secure superior independent highway transportation rates which are less than the cost of running its own fleet and in 2012 sold its highway transportation fleet. In 2013, by way of the acquisition of SCM, the Company purchased a fleet of trucks and bulk pneumatic trailers to transport bulk cement and cement chemical additives out to rig sites.

Oilfield Chemical Blending and Packaging

The drilling fluids market also includes completion, cementing, acidizing, stimulation and production chemicals. Bri-Chem has the ability to mix and blend oilfield chemical products to grow and adapt to the changing environment and needs of its clients. The distribution of chemical supplies and packaging in Canada is operated through Bri-Chem's blending and packaging facilities located in Acheson and Camrose, Alberta and its stimulation and production chemical blending facility is operated through SBS located in Calgary, Alberta. The distribution, packaging and blending of oilfield cementing chemical products in the USA is operated through SCM located in Bakersfield, California.

Principal Products or Services

The oil and gas drilling and completion process also utilizes a significant amount of cementing, stimulation, fracturing and production chemicals. Many of these products are a blended formulation utilizing specialty additives that Bri-Chem can supply in both packaged and truckload quantities. Cementing is performed when the cement slurry is deployed into the well via pumps, displacing the drilling fluids still located within the well, and replacing them with cement. Well stimulation involves introducing special blends of chemicals and acid to oil or gas producing formations in order to diminish or eliminate unwanted materials. The fracturing process injects fluids and sand at high pressure which creates small fractures in the rock that extend out from the well. Production chemicals are specialty blended products that help maximize well production and minimize well maintenance costs. Bri-Chem continues to pursue ways to increase its business presence in each of these fluid applications. Bri-Chem has dedicated facilities, located in Acheson, Camrose, and Calgary, Alberta and Bakersfield, California, with capacity to blend and package specialty fluids for customer specific products.

Market

As the demand for complex fluid systems increases and customers look for a competitive advantage through proprietary product offerings, the Company is able to offer innovative and confidential blending solutions to this growing segment of the drilling fluids market. As non-conventional horizontal drilling activity continues, customers are constantly re-engineering formulas to meet the application needs of these complex drilling systems. The Company offers customers the ability to custom blend proprietary products to meet the changing needs of customers. The Company offers blending of cementing, acidizing and fracturing chemical additives used in multi-stage fracking applications and well completions. Through SBS, Bri-Chem offers blending and packaging services for production and stimulation oilfield chemicals in the Canadian marketplace. The Company is also able to meet large volume demands of customers by sourcing and bagging large bulk commodity products. Oil and gas companies operating in California must abandon all dry holes or wells that are no longer producing, typically by pouring cement down the wellbore and removing all wellhead equipment. It is estimated that well abandonment activity is 20 years in arrears providing a steady source of ongoing business activity for SCM.

Product Lines

The oilfield chemical blending and packaging divisions offers an extensive product line in both bulk and packaged form and continually adds new offerings to meet specific customer requirements. The Company's blending facilities in Acheson, Camrose and Calgary, Alberta and Bakersfield, California, have allowed the fluids blending and packaging divisions to grow and adapt to the changing environment and changing needs of our clients. Blending operations include customer specific blends of liquid or dry powder goods, whereby customers dictate the product formulation and our divisions will source the product, blend, package, warehouse and distribute the finished blended product.

Commonly sold products include the following:

- Calcium Nitrate
- Barite
- Silica Fume
- Hydrated Lime
- Potash
- Sodium Bicarbonate
- Surfactants
- Soda Ash

Distribution Method

Sodium has 3 warehouses strategically located in Western Canada and has entered into agreements with various trucking companies whereby Sodium will store inventory on the trucking company's premises for a nominal or a small handling charge in exchange for all delivery services as they occur. These favorable arrangements reduce storage costs, guarantees delivery service times, and generally reduce logistical issues. BSL and Sodium have 3 mutual warehouses throughout Alberta, British Columbia and Saskatchewan which creates synergies in communication and distribution because of few operators.

SBS owns and operates out of one blending and warehouse facility located in Calgary, Alberta, as all its customers are primarily located within the WCSB market. SBS provides high quality specialty oilfield blended stimulation and production chemical products, operating from a safe and environmentally controlled facility, while maintaining compliance regulations, proficient warehouse management and delivery.

SCM owns and operates out of one blending and warehouse facility located in Bakersfield, California as the majority of its customers are located within the same geographical area. SCM offers customers the ability to order a customized blend of inputs to their specifications in bulk or bulk bag form and provides delivery to the well site utilizing its fleet of 12 double pneumatic truck trailers.

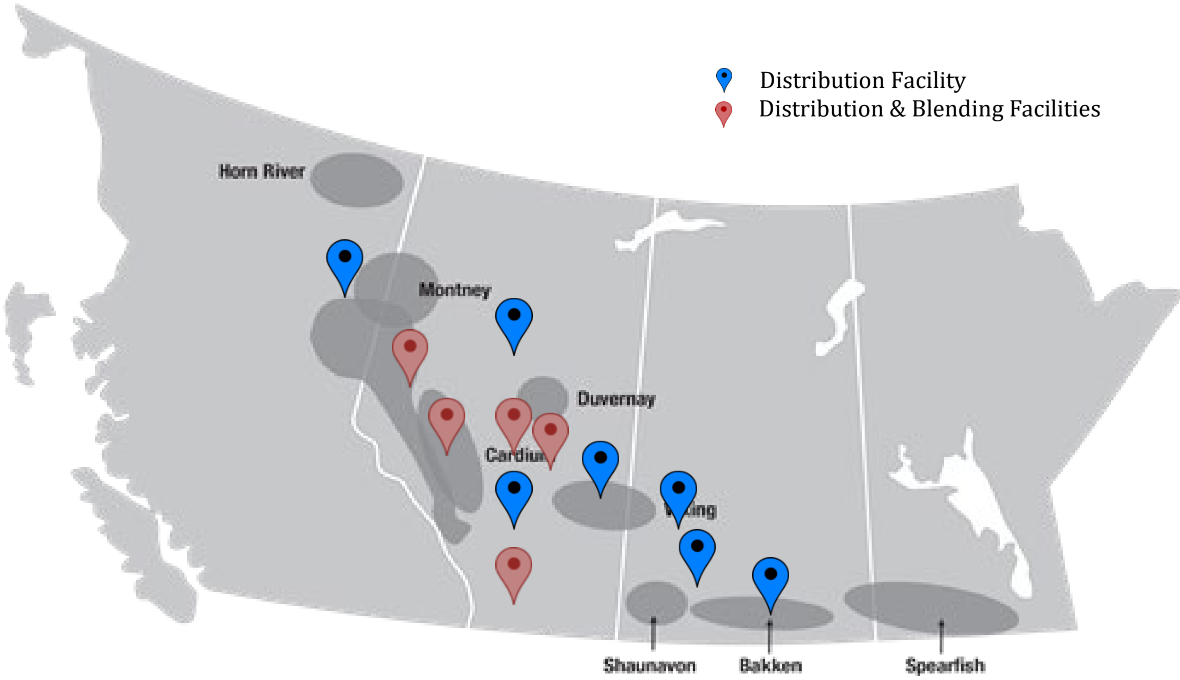
Fluids Testing and Laboratory Facilities

The Company has one laboratory facility located in in Bakersfield, California which offer testing of drilling fluids for customers for various analyses such as viscosity, fluid loss, and lubricity among others. The laboratory can also perform customer specific analysis.

Warehouses and Blending Facilities

Bri-Chem has 25 strategically located warehouses throughout British Columbia, Alberta, Saskatchewan and the United States. In Canada, Bri-Chem operates from 12 warehouses of which 8 are third party owned and operated warehouse facilities. Camrose, Acheson, Calgary and Estevan are locations that are owned and operated by the Company. Camrose operates a 10,500 square foot bulk repackaging and blending facility with storage quonsets, Acheson operates a 5,000 square foot blending operation with storage quonsets on site to warehouse blended and raw material product, Calgary operates a 17,000 square foot liquid blending facility and Estevan is a warehouse and yard location for the distribution of drilling fluids.

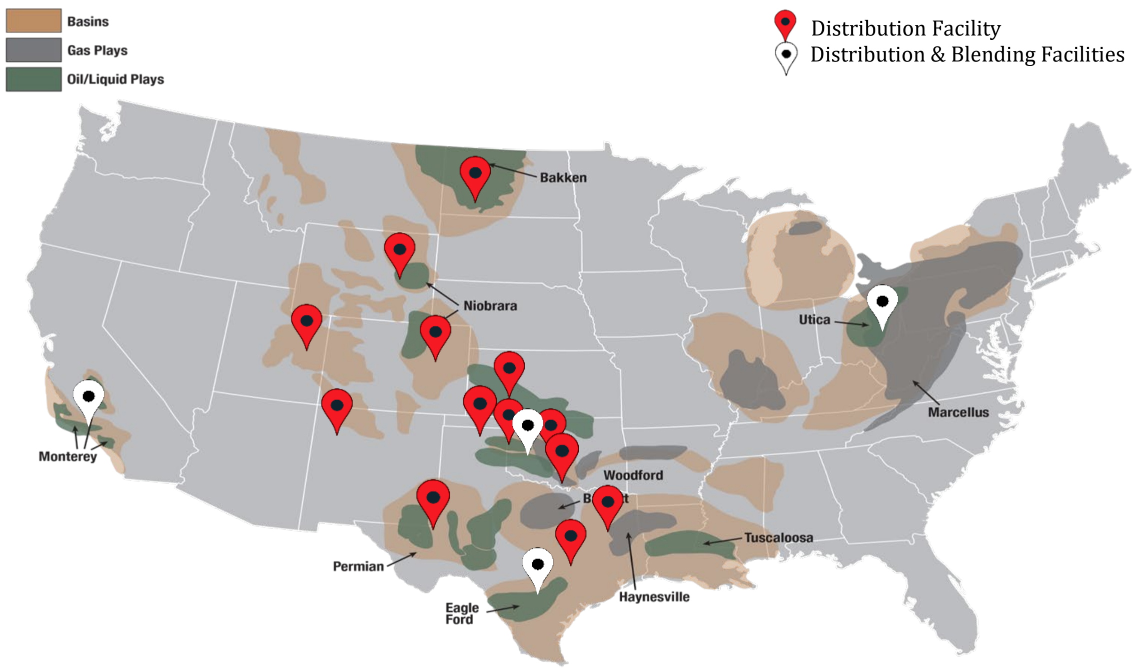
The following map indicates the geographic locations of the warehouse and stock point facilities in Canada:



1. Fort St. John, BC	Third party operated	**7. Rosetown, SK**	Third party operated
2. Grand Prairie, AB	Third party operated	**8. Blackfalds, AB**	Third party operated
3. Fort McMurray, AB	Third party operated	**9. Brooks, AB**	Third party operated
4. Edson, AB	Third party operated	**10. Kindersley, SK**	Third party operated
5. Acheson, AB	Bri-Chem operated	**11. Estevan, SK**	Bri-Chem operated
6. Camrose, AB	Bri-Chem operated	**12. Calgary, AB**	Bri-Chem operated

In the United States, Bri-Chem operates from 13 warehouses of which 4 are third party operated and 6 are leased and operated, and 3 are owned and operated. The Company owns and operates a 24,000 square foot blending and packaging operation in Bakersfield, California where operations primarily constitute warehouse blended and raw bulk cement material product. The Clinton and Chickasha facilities are also owned and operated by the Company and are utilized as warehouse and yard locations for the distribution of drilling fluids.

The following map indicates the geographic locations of the warehouse and stock point facilities in the USA:



13. Fort Lupton, CO	Bri-Chem operated	**20. Bakersfield, CA**	Bri-Chem operated
14. Farmington, NM	Third party operated	**21. Chickasha, OK**	Bri-Chem operated
15. Leetsdale, PA	Bri-Chem operated	**22. Clinton, OK**	Bri-Chem operated
16. Longview, TX	Bri-Chem operated	**23. Somerville, TX**	Bri-Chem operated
17. Mills, WY	Third party operated	**24. Midland, TX**	Bri-Chem operated
18. Myton, UT	Third party operated	**25. Belfield, ND**	Third party operated
19. Ada, OK	Bri-Chem operated		

Customers

Bri-Chem's drilling fluids are sold to drilling fluid engineering companies that design sophisticated drilling fluid systems to help eliminate inefficiencies in the drilling process and provide drilling fluid expertise and technical support. Bri-Chem distributes products to over 100 customers in Canada and the United States. Bulk and truckload quantities of product are also delivered to our facilities where we blend, repackage and coordinate distribution of product to the customer. The repackaging and blending products are typically sold to drilling fluid engineering customers and well stimulation and completion companies.

Specialized Skill and Knowledge

Bri-Chem employs six customer sales representatives who provide technical expertise to the Company's oilfield chemical client base. Two of these personnel are located in Calgary, Alberta, where the majority of the oil and gas fluids business transactions are conducted for the fluids divisions in Canada. The US oilfield chemical division has four strategically placed sales personnel to service the different geographic regions of the US fluids market. Sales personnel are responsible for customer service and order requests. In addition, sales personnel focus on supporting customers with technical questions and requests for product information. Each salesperson is allotted a group of customers to service and manage, thus providing care and attention to changing customer needs.

Personnel

Bri-Chem strives to be an extraordinary place to be employed. The Company values its employees and expects all employees to maintain the highest standards of conduct. Bri-Chem's Code of Conduct is designed to commit the Company and all employees, contractors, directors, and officers to performing business activities and operations with integrity and due regard to the public interest and interest of Bri-Chem shareholders. As at December 31, 2021 Bri-Chem, together with its subsidiaries, employed 57 individuals and 0 contractors (December 31, 2020 – 50, 0) as follows:

Company – Canada	Employees/Contractors	Company - USA	Employees/Contractors
Bri-Chem Corp.	3/0	Bri-Chem Supply Corp	23/0
Bri-Chem Supply	7/0	Bri-Chem Logistics	0/0
Sodium Solutions	12/0	Sun Coast Material	8/0
Solution Blend Service	4/0		

Suppliers

Bri-Chem has developed relationships with many oilfield chemical suppliers including domestic manufacturers and international chemical supply companies. These vendors are selected through superior products, pricing, availability and technical support. Bri-Chem's supply chain and long-term vendor relationships is an important factor in being a full-service wholesale distribution company. Bri-Chem's vendor network is mainly based in North America but also includes numerous points around the globe such as India, and China. The Company's global procurement and logistics team are highly experienced professionals.

Competition and Competitive Advantages

The Company operates in a competitive marketplace in the WCSB and USA. Its main competitors range from midsized privately-owned companies to international publicly traded companies. Bri-Chem competes by providing competitive prices and reliable service to its customers and by maintaining well-stocked warehouses through its broad distribution network of warehouses. The low capital-intensive distribution structure the Company employs, with several third party independently owned warehouses, provides Bri-Chem a very scalable, low operating cost, distribution network. The Company believes that due to its strategically located warehouses, it is able to provide customers with a diverse product selection with timely delivery. It also provides custom blending to meet customers' specific drilling needs.

Customer relationships are key to maintaining revenue and profitability. Customers value the technical expertise of the Company's sales personnel, strategically located warehouses, and reliable vendor relationships both within Canada and internationally. Bri-Chem's ability to deliver the right product on time is critical to driving customer sales. See *"Risk Factors – Competitive Conditions"*.

Vendor relationships assist in controlling costs of products. Bri-Chem purchases products from various vendors throughout North America and internationally. With a diverse selection of vendors, the Company is able to monitor oilfield chemical supply availability and pricing trends. Timely access to market information and economic outlook allows the Company to proactively manage inventory levels and prices.

The Company has been successful in attracting and retaining committed and talented professionals. Our sales staff has significant industry experience and our members of senior management share the vision and direction of the Company and are committed to using their expertise to enable the Company to continue to develop new markets and expand product offerings.

We attempt to manage our inventory to avoid unnecessary commitments of working capital while maintaining a sufficient level of inventory to respond to customer needs. Each warehouse is stocked to sufficient levels based on market activity within each region. We believe that our decentralized inventory management and continued superior vendor relationships will allow us to monitor our inventory costs.

The Company has completed several successful acquisitions in the past and, upon the industry returning to more normalized levels, will continue to seek out additional opportunities as a part of our growth strategy going forward. We believe our acquisitions have been highly successful based on our ability to integrate these companies into the existing Bri-Chem structure.

Environment, Health & Safety

The Company is subject to a various federal, provincial, state and local environmental laws and regulations governing the handling, storage, treatment and disposal of waste materials. The Company has safety coordinators to ensure compliance with the necessary safety and environmental regulations. Bri-Chem's management recognizes that an effective Health and Safety program has a positive impact on long-term business results. Accordingly, management supports the training, equipment and procedures needed to ensure the health and safety of all employees of Bri-Chem. Management has implemented environmental and safety policies including, but not limited to:

- A safety awareness program;
- Safety policy and procedures manual along with an emergency response plan;
- Criteria, documentation and remediation of hazard assessments; and
- Capital investment and expenditures to correct deficiencies as they are identified.

RISK FACTORS

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 AIF and Bri-Chem's other public disclosure documents, including managements' discussion and analysis for the year ended December 31, 2021. 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.

Risks Relating to Bri-Chem and its Business

Industry Conditions

There is a strong correlation between oil and gas drilling activity and demand for the Company's drilling fluid products. Capital expenditure programs of oil and gas companies largely affect the products provided by the Company. The magnitude of capital expenditures determines the demand for the Company's drilling fluids to the oil and gas industry. The primary catalyst to customer capital spending and activity levels in the energy industry are oil and gas prices, which in turn, are influenced strongly by supply and demand expectations. The ability to forecast the price of crude oil or natural gas is extremely difficult as many global factors affecting commodity prices are beyond the control of the Company, such as the coronavirus pandemic, OPEC production targets and the ongoing conflict between Russia and Ukraine.

Prolonged low oil and natural gas prices generally depress the level of exploration and production (E&P) activity causing a corresponding decline in the demand for drilling fluid products and services and, as a result, has an adverse effect on the Company's business and financial results. The level of activity in the Canadian and United States oil and gas exploration and production industry is volatile. There can be no assurance that the future level of demand for the Company's products or future conditions in the oil and natural gas and oilfield services industries will not decline.

Oil and Natural Gas Prices

The revenue, cash flow and earnings of the Company are substantially dependent upon the level of activity associated with oil and natural gas exploration. Both short-term and long-term trends in oil and natural gas prices affect the level of such activity. Worldwide military, political and economic events, such as the coronavirus pandemic, OPEC production targets and ongoing conflict between Russia and Ukraine, affect the demand and supply of oil and natural gas in global markets. Weather conditions, governmental regulation, levels of consumer demand, the availability of pipeline capacity and other factors beyond the Company's control may also affect the supply of and demand for oil and natural gas leading to volatility in the demand for the Company's drilling fluid products. The drilling industry is cyclical and fluctuations in the level of oil and natural gas exploration and development activity have a direct impact on the Company's business. Any significant reduction in industry activity levels in the WCSB and United States may severely reduce activity levels for the Company and its resulting revenue, cash flow, and earnings.

Regulations Affecting the Oil and Natural Gas Industry

The operations of the Company and its customers are subject to a wide array of regulations in the jurisdictions in which they operate. As a result of changes in regulations and laws relating to the oil and natural gas industry, our customers' operations could be disrupted or curtailed by governmental authorities. The high cost of compliance with applicable regulations could cause customers to discontinue or limit their operations and may discourage companies from continuing to operate in regions that Bri-Chem serves. As a result, demand for the Company's products and services could be substantially affected by regulations and taxation related to the oil and natural gas industry.

Global Health Crisis and Covid-19

The Company may be impacted by global heath pandemics, including through supply chain disruption, business interruption, changes in customer demand for Bri-Chem's products and services, stock price volatility, among other risks. In December 2019, a novel strain of coronavirus, COVID-19, was identified in Wuhan, China which has resulted in global economic restrictions. These health crises could have an adverse impact on the Company's business.

Provincial Royalty Rate Changes

The provincial governments of Alberta, British Columbia, Saskatchewan, and Manitoba collect royalties from the production of oil and gas resources related to Crown lands under provincial royalty regimes. These royalty regimes are periodically reviewed by the provincial governments for appropriateness and competitiveness and these changes, or potential future changes, could negatively impact investor confidence for the oilfield services sector.

Seasonal Weather

In Canada, the level of activity in the oil and natural gas industry is influenced by seasonal weather patterns. Spring break-up during the second quarter of each year leaves many secondary roads temporarily incapable of supporting the weight of heavy equipment, which can result in restrictions to level of activity of energy services operating in remote regions. In addition, many jurisdictions enforce road bans during such times that restrict the movement of heavy equipment. The timing and duration of spring break-up is dependent on weather patterns and the duration of this period could have an impact on the level of business activity of the Company. There is greater drilling activity and therefore a greater demand for the Company's products in the winter season when the ground is frozen allowing the movement and operation of heavy equipment. This peak season typically runs from November to early March. However, if unseasonably warm temperatures in the winter occur it may prevent sufficient freezing, and drilling activity may be adversely affected, impacting the Company's operations and financial condition.

Ability to Maintain Obligations Under Asset-Based Lending Facility and Other Debt

Bri-Chem has borrowed a considerable amount of cash under its ABL and subordinated debt facilities which have financial covenants. Bri-Chem must comply with these financial covenants in order to continue to have access to this capital. Bri-Chem may from time to time enter into other arrangements to borrow money in order to fund its operations and such arrangements may include covenants that have similar obligations or that restrict its business in some way. Events may occur in the future, including events that are outside Bri-Chem's control that could cause Bri-Chem to fail to satisfy its obligations under its credit facilities. In such circumstances, the amounts drawn under Bri-Chem's debt agreements may become due and payable before the agreed maturity date and Bri-Chem may not have the financial resources to repay such amounts. The credit facilities are secured by Bri-Chem's assets. If Bri-Chem were to default on its obligations under the credit facility or other secured debt instruments in the future, the lender(s) under such debt instruments could enforce their security and seize all or significant portions of Bri-Chem's assets.

Liquidity risk

Liquidity risk is the risk that the Company may not have cash available to satisfy financial liabilities as they become due. The Company actively monitors its financing obligations, as well as its cash to ensure that it has sufficient funds available to meet current and foreseeable future financial requirements at a reasonable cost. Weak economic conditions can have a significant impact on the ability of the Company to obtain funding for future financial requirements.

Due to these factors, the Company cannot be certain that funding will be available when needed and to the extent required, on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, the Company may be unable to implement its business plans, or take advantage of business opportunities, or respond to competitive pressures, all of which could have a material adverse effect on the Company's financial conditions, results of operations, and cash flows.

Market Price Volatility of Common Shares

The market price of the Company's common shares may be volatile. The volatility may affect the ability of shareholders to sell the common shares at an advantageous price. Market price fluctuations in the common shares may be due to the Company's operating results failing to meet the expectations of investors and stock market analysts in any quarter, downward revision in securities analysts' estimates, governmental regulatory actions, adverse change in market conditions or economic trends, acquisitions, business or asset dispositions and material announcements by the Company or its competitors, along with a variety of additional factors, including, but not limited to, those set forth in *"Cautionary Statement Regarding Forward-Looking Information"* herein. In addition, the stock markets, including TSX, may experience significant price and trading fluctuations. These fluctuations may result in volatility in the stock market prices that often has been unrelated or disproportionate to changes in operating performance. These market fluctuations may adversely affect the market prices of the Company's common shares.

Availability of Future Funding

The Company's business strategy is based in part upon the continued expansion of the Company's strategic network of warehouse facilities. In order to continue to implement its business strategy, the Company may be required to further finance these expenditures through ongoing cash flow from operations, borrowings under its credit facilities and by raising capital through the sale of additional debt or equity securities. The Company's ability to obtain financing or to access the capital markets for future offerings may be limited by the restrictive covenants in the Company's current and future debt agreements, by the Company's future financial condition, and by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties beyond the Company's control. In addition, capital markets can be volatile and continued industry volatility could limit the Company's ability to obtain new financing, The Company's inability to raise funding to support ongoing operations and to fund capital expenditures or acquisitions may limit Bri-Chem's growth or may have a material adverse effect upon the Company.

Credit Risk

The oilfield services sector is directly affected by the financial health of its customers, and as a result of low oil prices, cash flows have declined significantly, having a negative impact on capital spending programs. Further, the long duration of an industry downturn may result in many companies having over-leveraged balance sheets, bank covenant breaches and limited access to financial capital markets. The Company's revenues are predominantly generated from products sold to oil and gas fluid engineering companies which may result in significant exposure to one customer or on a combined basis to several individual customers.

The Company regularly reviews outstanding accounts receivable and follows up with customers when settlement has not occurred on a timely basis. During times of weak economic conditions, the risk of payment delays and failure to pay increases due to a reduction in customers' cash flow. The Company generally grants unsecured credit to its customers; however, it evaluates all new customers and analyzes and reviews the financial health of its current customers on an ongoing basis. The Company also closely monitors the amount and age of balances outstanding and establishes a provision for bad debts based on specific customer's credit risk, historical trends and other economic information. Failure to collect accounts receivable from customers could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Concentration risk

The top 5 customers of the Company account for approximately 36.4% of total revenue for the year ended December 31, 2021 (2020 – 31.8%), of which one customer amounted to $7.6 million, representing 12.4% of consolidated 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 customers, 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.

Risks Relating to Climate Change

The Company is subject to risks relating to the consequences of a global transition to reduced carbon, including the risk of regulatory and policy change and reputational concerns. Governments in Canada and around the world have responded to these shifting societal attitudes by adopting ambitious emissions reduction targets and supporting legislation, including measures relating to carbon pricing, clean energy and fuel standards, and alternative energy incentives and mandates. Concerns over climate change may result in additional or more stringent legislation. Such changes could impose higher standards or require significant reductions to greenhouse gas emissions or setback requirements for facilities and wells, which could result in significant penalties for failure to comply, or increased capital expenditures, operating expenses, abandonment and reclamation obligations and distribution costs or the loss of operating licenses.

Supply Risk

The Company distributes drilling fluid products manufactured or supplied by several domestic and international suppliers. The Company does not have long-term contracts with any of its major suppliers. Although the Company believes that it has access to similar products from competing suppliers, any disruption in the Company's sources of supply, particularly of the most commonly sold items or any material fluctuation in the quality, quantity or cost of such supply, could have a material adverse effect upon the

Company's results of operations and financial condition. Also, supply shortages occur at times as a result of unanticipated demand, production difficulties, or delivery delays. In such cases, suppliers often allocate products among distributors. Future supply shortages may occur from time to time and may have a short-term material adverse effect on the Company's results of operations and financial condition.

Inventory Risk

The Company distributes to markets that are highly sensitive to price, quality of product, timeliness of the delivery, and adequate supply levels. In addition, product sales are dependent on demand which can fluctuate based on the seasonality of drilling activity in the WCSB. The Company purchases products to stock warehouses to sufficient levels to meet the demands of customers. Inventory levels are monitored to achieve balance between maximum inventory turnover and optimal customer service. Since the Company maintains significant quantities of inventory, the value is subject to the risk of changing prices.

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 suppliers. If they were to experience a breakdown in this network, it could have a potential material effect on sales, margins and profitability.

Insurance Risk

The Company maintains insurance coverage adequate to cover the risks associated with operations of the Company. Such insurance is subject to coverage limits and exclusions and may not cover the Company in all circumstances. There is no assurance that the Company's insurance coverage would be adequate to cover the Company's liabilities or would be generally available in the future. Future changes in insurance premiums could affect the Company's ability to purchase adequate insurance coverage and could impact the settlement of future claims. This could have a material adverse effect on the Company's ability to conduct normal business operations and on its financial conditions, results of operations and cash flow.

Competitive Conditions

The Company competes with a number of companies throughout North America. There can be no assurance that competitors will not substantially increase their resources devoted to the development of their business that compete with those of the Company, or that new or existing competitors will not enter the various markets in which the Company is active. In addition, reduced levels of activity in the oil and natural gas industry could intensify competition and the pressure on competitive pricing which could result in lower revenues or margins. The Company's customers may elect not to purchase its products and services if they view the Company's financial viability as unacceptable, which would cause the Company to lose customers.

Asset Impairment

The Company is required to periodically review its assets for impairment when there are indicators that impairment may exist. Impairment calculations are based on management's estimates and assumptions at the time the analysis is made. Several factors are included in this analysis and may include changes in share price, cash flow and earnings estimates, changes in market conditions, and general local and global economic conditions. Any future impairment could result in a non-cash charge against net earnings and could be material in nature.

Regulatory Compliance Risk

The operations of the Company are subject to laws and regulations relating to workplace safety and work health related regulations, the conduct of operations, and the transportation, storage and disposal of fluid products. The Company acts in the best interests to ensure it is compliant with such laws and regulations. As future laws and regulations change, this may give rise to additional expenditures or liabilities. Any change to laws or regulations could have an adverse effect on the operations of the Company and its financial condition, results of operations and cash flow.

Workplace Safety, Health and Wellness

The Company's employees may face workplace health and safety risks and hazards, which could potentially result in injury or lost time. The Company's Safety Program is in place to reduce risks to people, the environment and the Company's business, and is continually updated as new risks and hazards are identified. These risks and hazards could result in personal injury, loss of life, environmental damage, or other damage to the Company's property or the property of others. The Company cannot fully protect or insure against all of these risks and could become liable for damages arising from these events which are not insured.

Product Liability Claims

Although Bri-Chem believes it offers superior products in the market place, the Company may, from time to time, have claims for damages resulting from misapplication of products or from product defects. The Company mitigates this risk by providing standard MSDS information for all fluid products sold. However, the defense of claims could prove costly which would increase the Company's expenses. If a claim would be successful or partially successful, it could result in monetary liabilities and future scrutiny from customers on products sold.

Income Tax Expense

The Company collects, accrues, and pays income taxes in several tax jurisdictions. The amounts reported are based on management's best estimates using currently enacted tax rules and accounting principles related to income tax reporting. Tax interpretations, regulations, and legislation that pertain to the Company's activities are subject to continual change by taxing authorities. There is risk that the actual tax owing may differ from this amount, which could affect the Company's reported net income after tax and earnings per share reported. Management engages a third-party specialist to review the calculation of deferred income taxes to help mitigate the risks in this area.

Foreign Currency and Interest Rate Risk

The Company is exposed to foreign currency fluctuations in relation to its sales and purchases in US dollars. Any change in the value of the Canadian dollar relative to the US dollar would result in a foreign currency gain or loss on the translation of our US dollar denominated debt and assets into Canadian dollars. Therefore, the Company is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not hedge inventories purchased specifically from US markets, instead the Company relies on its inventory turnover. The Company is exposed to interest rate risk on its ABL Facility. Floating-rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate if the Canadian prime rate and or the Bankers' Acceptance rate change.

Integration of Acquisitions

The Company may experience difficulties in integrating an acquired business into the existing operations, including but not limited to integrating administrative functions, financial reporting, operational and information systems, improvements in operational effectiveness, standardization of controls, policies and procedures and recognizing the synergistic opportunities of the combined entity. The success of the integration also depends on the ability to retain key employees of the acquired company.

Potential Liabilities from Acquisitions

In pursuing acquisitions, the Company conducts due diligence procedures on the business being acquired. It seeks to understand and identify all liabilities and representations of the business being acquired. Despite such efforts, there can be no assurance that the Company may not become subject to undisclosed liabilities as a result of acquisitions. Liabilities may exist which were not discovered during the due diligence process prior to completing the acquisition. This failure to discover potential liabilities may be due to various factors, such as our failure to accurately assess all the pre-existing liabilities of the operations acquired or vendors failing to comply with laws. If this occurs, the Company may be responsible for such violations which could have a material adverse effect on the business.

Entering New Business Lines

The Company may enter new business lines with new acquisitions or other opportunities for growth related to its current business. There is no guarantee that these new business lines will be successful in the marketplace to which they are directed. Management makes its best efforts to research and forecast future profitability of any new business ventures prior to commencing in any new endeavor, however there are underlying risks that are intangible at the time of entry. The success of any new venture is also dependent on the areas of sales and marketing, customer demand, market stability, existing barriers to entry, and other factors of product introduction.

Dependence on Key Personnel

The success of the Company is dependent on the services of the members of its senior management. The experience and talents of these individuals will be a significant factor in the success and growth of the Company. The loss of one or more of these individuals could have a material adverse effect on the operations and business prospects of Bri-Chem, furthermore, as part of the Company’s growth strategy, it must continue to hire qualified individuals, including financial, sales and operations personnel. There can be no assurance that the Company will be able to attract and retain qualified personnel in the future. The compensation program in place includes salary, benefits, and bonus structures, and is designed to provide fair compensation to all personnel and adequate performance incentives. Other non-monetary measures including training and development and recognition are used to ensure the culture stays focused on key personnel retention.

Ability to Achieve Profitability

There can be no assurance that the Company will be able to achieve profitability in future periods. The Company’s future operating results depend on a number of global factors that are affecting commodity prices. There can be no assurance that the Company will be successful in achieving the objectives of its corporate strategic plan or that its corporate strategic plan will enable it to achieve, maintain or sustain profitability.

Environmental Liability

As a result of the Company’s operations dealing with petroleum products and chemical additives used in connection with the transportation, storage and disposal of drilling fluid products, the Company is exposed to potential environmental liability in connection with its business. The Company maintains compliance with current environmental standards and monitors its practices concerning the handling of environmentally hazardous materials, however, there can be no assurance that the Company's procedures will prevent environmental damage occurring from spills of materials handled by the Company or that such damage has not already occurred. Although the Company enforces a program to identify and address contamination issues before acquiring or leasing properties and attempts to utilize generally accepted operating and disposal practices, hydrocarbons or other wastes may have been disposed of or released on or under properties owned, leased, or operated by the Company prior to the Company owning, leasing or operating these properties. These properties and the wastes disposed thereon may be subject to environmental laws that could require the Company to remove the wastes or remediate sites where they have been released. Laws and regulations relating to the environment that apply to the business and operations of the Company are likely to change and become more stringent in the future. While regulatory developments that may follow in subsequent years could have the effect of reducing industry activity, the Company cannot predict the nature of the restrictions that may be imposed. The Company may be required to increase operating expenses or capital expenditures in order to comply with any new environmental restrictions or regulations which could have a material adverse effect on the operations of the Company and its financial condition, results of operations and cash flow.

Disclosure Controls & Procedures

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company, is made known to the Chief Executive Officer and Chief Financial Officer by others within the Company, particularly during the period in which the annual and interim filings of the Company are being prepared, in an accurate and timely manner in order for the Company to comply with its disclosure and financial reporting obligations and in order to safeguard the Company's assets. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls and procedures should not exceed their expected benefits. As such, the Company's disclosure controls and procedures can only provide reasonable assurance, and not absolute assurance, that the objectives of such controls and procedures are met.

Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. While management of the Company has put in place certain plans and procedures to mitigate the risk of a material misstatement in the Company's financial reporting, a system of internal controls can provide only reasonable, not absolute, assurance that the objectives of the control system are met, no matter how well conceived or operated.

Forward-Looking Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Company's forward-looking statements because the Company can give no assurance that they will prove to be correct. By their nature, forward-looking statements reflect numerous inherent known and unknown risks and uncertainties that contribute to the possibility that the forward-looking statements may prove to be incorrect and could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this AIF under the heading *"Cautionary Statement Regarding Forward-Looking Information".*

Information Security and Disaster Recovery

The efficient operation of the Company's business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyberterrorists. In addition, an unforeseen natural or manmade disaster could result in key information technology systems being compromised, damaged or destroyed. Bri-Chem has implemented security measures to maintain confidential and proprietary information stored on the Company's information systems. However, these measures and technology may not be adequate due to the increasing volume and sophistication of these cyber-attacks. The Company has also implemented backup and redundancy measures with respect to certain information technology systems. However, there is a risk that these measures may not adequately prevent data loss as a result of a security breach or disaster. This could result in business disruption, decreased performance, or increased costs, and could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

MARKET FOR SECURITIES, TRADING PRICE AND VOLUME

The Company's Common Shares are currently listed on the TSX under the symbol "BRY". The following table set forth the reported high and low sales prices and trading volumes as reported by the TSX for the periods indicated.

Period	High	Low	Volume
December 2021	$ 0.20	$ 0.16	168,091
November 2021	0.23	0.15	608,110
October 2021	0.27	0.16	843,351
September 2021	0.19	0.14	604,792
August 2021	0.20	0.15	515,900
July 2021	0.24	0.14	572,605
June 2021	0.22	0.15	712,156
May 2021	0.14	0.10	115,455
April 2021	0.15	0.09	170,740
March 2021	0.18	0.11	285,880
February 2021	0.15	0.08	647,562
January 2021	0.12	0.09	335,720

DIVIDEND POLICY

No dividends have been declared or paid on any class of shares of the Company during fiscal 2021, 2020 or 2019. It has been determined that no dividends will be paid in the immediate future as management anticipates reinvesting profits for future growth and to pay down debt. Any decision to pay dividends on the Company's Common Shares will be made by the Board of Directors based on our earnings, financial requirements and other conditions existing at such future time. The Company may issue Preferred Shares that have preference over the Common Shares with respect to the payment of dividends, in which case such preference may prevent the Company from paying dividends on the Common Shares.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series with such rights and restrictions as are determined by the Board of Directors of the Company. As of the date hereof, there were 23,932,781 Common Shares issued and outstanding and no Preferred Shares issued and outstanding.

Common Shares

The Company is authorized to issue an unlimited number of shares, designated as Common Shares. The holders of the Common Shares have the right to vote at any meeting of shareholders of the Company (other than meetings of holders of other classes of shares), have the right to receive any dividend declared by the Board of Directors of the Company, and have the right to receive the remaining property of the Company on its dissolution, liquidation, winding up or other distribution of its assets or property among its shareholders for the purpose of winding up its affairs. The rights of the holders of Common Shares are subject to the rights attaching to any other class or series of shares currently outstanding or hereafter created and expressed to rank in priority to the Common Shares.

Preferred Shares

The Company is also authorized to issue an unlimited number of shares, designated as Preferred Shares. The Board of Directors may at any time issue any Preferred Shares in one or more series, each series to consist of such number of shares as may be determined by the Board of Directors. The Board of Directors may determine at the time of issuance the designation, rights privileges, restrictions and conditions attaching to the shares of each series. The Preferred Shares, and each series thereof, have priority and preference over the Common Shares in respect of rights to receive any dividends declared by the Company and in respect of rights to receive the remaining property of the Company on its dissolution, liquidation, winding up or other distribution of its assets or property among its shareholders for the purpose of winding up its affairs.

OFFICERS AND DIRECTORS

The following table sets out the Company's officers and directors. The table includes the individuals' name, municipality of residence, principal occupation and number of Common Shares beneficially owned or controlled.

DIRECTORS and OFFICERS	POSITION PRESENTLY HELD	PRINCIPAL OCCUPATION	NUMBER AND PERCENTAGE OF ISSUED COMMON SHARES HELD AS AT DECEMBER 31, 2021
Don Caron (2)(3) Edmonton, Alberta, Canada	Chairman, Chief Executive Officer & Director (director since July 1997)	CEO of Bri-Chem Corp.	2,023,900 (8.5%)
Brian Campbell (1) Edmonton, Alberta, Canada	Director (director since January 2007)	Former President of Bri-Chem Supply Ltd. & Sodium Solutions Inc.	2,058,750 (8.6%)
Eric Sauze (1)(2)(3) Edmonton, Alberta, Canada	Director (director since January 2007)	Partner and Chief Financial Officer of JAG Flocomponents LP,	37,300 (0.2%)
Albert Sharp (1)(2) Parkland County, Alberta, Canada	Director (director since January 2007)	Former Chief Operating Officer of All West Surveys Limited Partnership	nil
Tony Pagnucco Edmonton, Alberta, Canada	Chief Financial Officer	CFO of Bri-Chem Corp	nil

Notes:

(1) Member of audit committee
(2) Member of corporate governance and compensation committee
(3) Member of the corporate disclosure committee

As at December 31, 2021, the directors and officers of Bri-Chem beneficially owned, as a group, directly or indirectly, common shares of the Company, representing 17.3% of the issued and outstanding common shares of the Company as at that date.

The Board of Directors has three standing committees and as at March 30, 2022 comprised as follows:

a) Audit Committee is comprised of Eric Sauze, Brian Campbell and Albert Sharp;
b) Corporate Governance and Compensation Committee is comprised of Don Caron, Eric Sauze, and Albert Sharp;
c) Corporate Disclosure Committee is comprised of Don Caron, Eric Sauze and the Company's general counsel.

Cease Trade Orders or Bankruptcies

No director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially control of the Company:

(a) is, as at the date of this AIF or has been, within the 10 years before the date hereof, a director or executive officer of any company (in the Company), that while that person was acting in that capacity:

  (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, other than noted below;

  (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

  (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the past 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Penalties or Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer or theft or fraud.

Conflicts of Interest

Certain directors and officers of the Company and its subsidiaries are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with corporate laws, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors of the Company have either other employment or other business or time restrictions placed on them and accordingly, these directors of the Company will only be able to devote part of their time to the affairs of the Company. In particular, certain of the directors and officers are involved in managerial and/or director positions with other oil and gas related companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of the Company. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

AUDIT COMMITTEE

Audit Committee Mandate and Terms of Reference

The Mandate and Terms of Reference of the Audit Committee of the Board of Directors is attached hereto as Schedule "A".

Composition of the Audit Committee

The Audit Committee of the Company is currently comprised of Eric Sauze (Chair), Brian Campbell and Albert Sharp. All members of the audit committee are considered "independent" (as determined under National Instrument 52-110 Audit Committees ("**NI 52-110**")) and financially literate.

Relevant Education and Experience

Each member of the Audit Committee has served in senior positions within their respective organizations and/or served as directors of public and private companies, which has afforded them the opportunity to gain familiarity with financial matters relevant to Bri-Chem.

Eric Sauze, CPA, CA, CFA - Director

Mr. Sauze is a resident of Edmonton, Alberta, a member of Chartered Professional Accountants of Alberta, a Chartered Financial Analyst and currently a partner and Chief Financial Officer of JAG Flocomponents LP. Mr. Sauze was the former Chief Operating Officer and Chief Financial Officer of Commercial Solutions Inc. and prior to these roles, Mr. Sauze was a senior auditor with an international accounting firm. His responsibilities included the audit of financial offering prospectuses for TSX-listed companies in the forestry, utility and distribution industries. Mr. Sauze has a Bachelor of Management from the University of Lethbridge and a Bachelor of Arts (Economics) from the University of Alberta.

Brian Campbell - Director

Mr. Campbell is a resident of Edmonton, Alberta and is the former President of Bri-Chem Supply Ltd. and Sodium Solutions Inc. Mr. Campbell was the founder of Bri-Chem Supply Ltd. in 1985 and has extensive knowledge of warehousing product, costing and managing inventory levels. Prior to owning Bri-Chem, Mr. Campbell was involved in various capacities in the drilling fluid industry.

Albert Sharp - Director

Mr. Sharp is a resident of Parkland Country, Alberta and is the former Chief Operating Officer of All West Surveys LLP, a partnership residing under the Altus Group Income Fund (TSX:AIF.UN). Mr. Sharp was a director of Altus and is formerly a member of the Canadian Institute of Geomatics, The International Right of Way Association, and The Alberta Association of Surface Land Agents. Mr. Sharp has been involved in the oil and gas ventures in Alberta for the past several years and has given freely of his time having served as a member of the Survey Technician Advisory Committee for the Alberta Vocational College at Lesser Slave Lake, the Board of Directors of the Edmonton Petroleum Club and the Board of Directors of the Edmonton Petroleum Golf & Country Club.

Reliance on Certain Exemptions

The Company has not relied on the exemptions contained in NI 52-110.

Audit Committee Oversight

The Board of Directors has adopted all recommendations of the Audit Committee with respect to the nomination or compensation of an external auditor.

Pre-Approval Policies and Procedures

The Company has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee reviews the engagement of non-audit services as required.

External Auditor Service Fees

The following table sets out the aggregate amounts billed by the Company's external auditors PricewaterhouseCoopers LLP, Chartered Accountants and Kingston Ross Pasnak LLP, Chartered Accountants and tax advisor Deloitte LLP relating to the years ended December 31, 2021 and 2020:

(In CAD)		December 31, 2021		December 31, 2020
Audit fees(1)	$	120,000	$	214,500
Tax Fees(2)		125,458		42,412
Audit related fees(3)		52,423		-
Total	$	297,881	$	256,912

(1) Audit fees consisted of fees for the audit of Bri-Chem's annual financial statements.
(2) Tax fees consisted of aggregate fees related to the applicable fiscal year for tax compliance, tax advice, and tax planning.
(3) Audit related fees consisted of aggregate fees not included in (1) and (2).

LEGAL PROCEEDINGS OR REGULATORY ACTIONS

Management of Bri-Chem is not aware of any existing legal proceedings material to the Company to which the Company is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Company to be contemplated.

Management of the Company is not aware of any penalties or sanctions imposed against Bri-Chem by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2021 or any other penalties or sanctions imposed by a court or regulatory body against Bri-Chem that would likely be considered important to a reasonable investor in making an investment decision.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

Other than described elsewhere in this AIF, there are no material interests, direct or indirect, of directors, senior officers of the Company, any shareholder who beneficially owns, directly or indirectly, more than ten percent of the outstanding Common Shares or any known associate or affiliates of such persons, in any transaction within the last three years or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

TRANSFER AGENT

The registrar and transfer agent for the Company is the Computershare Company of Canada, Suite 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8.

MATERIAL CONTRACTS

Neither the Company nor any subsidiary of the Company has entered into any material contract within the financial year ended December 31, 2021 or prior thereto but which is still in effect, other than contracts in the ordinary course of business.

INTEREST OF EXPERTS

The Company's auditors are Kingston Ross Pasnak LLP, Chartered Accountants, located at 1500, 9888 Jasper Avenue, Edmonton, Alberta, T5J 5C6. Kingston Ross Pasnak LLP has confirmed they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

ADDITIONAL INFORMATION

Financial information related to the Company is provided in the Company's December 31, 2021 and 2020 audited financial statements and associated MD&A. Information, including directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular for its most recent annual meeting of security holders that involved the election of directors. Additional information relating to the Company is on SEDAR at www.sedar.com or alternatively, security holders may contact Tony Pagnucco, Chief Financial Officer, 27075 Acheson Road, Acheson, Alberta T7X 6B1 (Phone: 780.571.8587).

APPENDIX A
THE AUDIT COMMITTEE'S CHARTER

Purpose

The overall purpose of the Audit Committee (the "Committee") of Bri-Chem Corp. (the "Corporation") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Corporation, and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board of Directors, through the involvement of the Committee that the external audit will be conducted independently of the Corporation's management to ensure that the independent auditors serve the interests of shareholders rather than the interests of management of the Corporation. The Committee will act as a liaison to provide better communication between the Board of Directors and the external auditors. The Committee will monitor the independence and performance of the Corporation's independent auditors.

Composition, Procedures and Organization

1. The Committee shall consist of a minimum of three (3) members of the Board of Directors (the "Board").

2. A majority of the members of the Committee shall be independent and the Board, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least two (2) members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Corporation. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.

5. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

6. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

7. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

Roles and Responsibilities

8. The overall duties and responsibilities of the Committee shall be as follows:

   (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and related financial disclosure;

   (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;

   (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and

   (d) to report regularly to the Board on the fulfillment of its duties and responsibilities.

9. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

   (a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;

   (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;

   (c) review the audit plan of the external auditors prior to the commencement of the audit;

   (d) to review with the external auditors, upon completion of their audit:

      i. contents of their report;
      ii. scope and quality of the audit work performed;
      iii. adequacy of the Corporation's financial and auditing personnel;
      iv. co-operation received from the Corporation's personnel during the audit;
      v. internal resources used;
      vi. significant transactions outside of the normal business of the Corporation;
      vii. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
      viii. the non-audit services provided by the external auditors;

   (e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and

   (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

10. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors are to:

   (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;

   (b) review and approve the internal audit plan; and

(c) review significant internal audit findings and recommendations, and management's response thereto.

11. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

(a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;

(b) review compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;

(c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and

(d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

12. The Committee is also charged with the responsibility to:

(a) review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;

(b) review and approve the financial sections of:

i) the annual report to shareholders;
ii) the AIF, if required;
iii) annual and interim MD&A;
iv) prospectuses;
v) news releases discussing financial results of the Corporation; and
vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;

(c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;

(d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;

(e) review and report on the integrity of the Corporation's consolidated financial statements;

(f) review the minutes of any audit committee meeting of subsidiary companies;

(g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

(h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and

(i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

13. The Committee shall have the authority:

(a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,

(b) to set and pay the compensation for any advisors employed by the Committee; and

(c) to communicate directly with the internal and external auditors.

Caveats

14. It is not the Committee’s duty to plan or conduct audits to determine that the Corporation’s financial statements are complete and accurate and are in accordance with international financial reporting standards or generally accepted accounting principles, as the case may be, and assure compliance with governing laws and regulations. This is the responsibility of management and the independent auditors.