

BluMetric Announces Profitable Q1 FY2018

Ottawa – 28 February 2018 – BluMetric Environmental Inc. (TSX.V: BLM) is pleased to announce revenue of \$7.6 million and net income of \$101,000 for the first quarter of fiscal 2018, ended December 31, 2017.

Financial Highlights

- **Revenue** for the quarter is \$7.6 million, a decrease of 9% compared to \$8.3 million for the quarter ended December 31, 2016.
- **Gross margin** increased to 22% compared to 20% in the same quarter the previous year. The Company delivered on new contracts for wastewater treatment systems in the first quarter of 2018, whereas in the prior year, there was less activity in these higher-margin projects.
- **Operating costs** increased to \$1.4 million from \$1.3 million in the same quarter prior year. The increase in the quarter is driven largely by the Company's severance payment obligations of \$250,000, less withholdings, in respect of salary, bonus, and vacation to the Company's former CEO. The full amount was included in operating costs during the quarter. This was offset slightly by a reduction in bad debts.
- **Net income** was \$101,000, compared to a net income of \$228,000 in the same quarter the previous year.
- **EBITDA** (see Note 1 definition below) decreased to \$301,000 from \$515,000 in the same quarter the previous year.
- BluMetric was not in compliance with two of its covenants related to its demand credit facility as at December 31, 2017. This situation has created a technical cross-default with the Company's five-year term-loan agreement. Although the Company has received a waiver from its term-loan lender with respect to this cross-default, IFRS nonetheless requires the Company to re-classify the five-year term loan at December 31, 2017 to current liabilities.

Operational Highlights

In light of its ongoing integration of services and products, BluMetric continues to focus on key markets and key clients to support its growth. The Mining, Government, Food & Beverage, Military, Industrial Wastewater, and Commercial/Land Development sectors are expanding, and the Company is active in all with steady successes this quarter.

- Mining: The mining industry as a whole has continued to be increasingly active, and BluMetric's expanded services and solutions have proven very attractive. The Company secured and completed a range of contracts with some of the largest players in the mining industry. These contracts included site assessment, pilot testing, and discharge water treatment.
- Food & Beverage: Current projects include a wastewater treatment system for a major food processing company in El Salvador and the first contract for the design, supply, and installation of a wastewater treatment system at a craft brewery in Ontario.
- Government: BluMetric secured a sizable provincial government contract for the Assessment of Water Resources with reference to water quantity management, and signed significant contracts in Canada's Arctic for training and building capacity in local labour forces for the reduction of environmental liabilities.
- Military: BluMetric continues to supply, refurbish, and repair fresh water and wastewater treatment systems.
- Development: BluMetric is increasingly being asked to design and supply wastewater treatment systems, an evolution from its traditional site assessment and analysis roles.
- BluMetric is seeing new opportunities in waste management, as it was contracted by one of the largest solid waste disposal facilities in North America to design and construct a landfill leachate pilot system for one of their landfills in eastern Ontario. The pilot system has been constructed and will be commissioned in the spring of 2018.
- BluMetric was awarded a US patent for the Membrane Ammonia Removal System (MARS), which is a proprietary ammonia removal system for the mining, industrial, and municipal sectors.

Outlook

BluMetric is in a good position to achieve organic growth with its established clients and substantial new growth in targeted sectors. Providing solutions that are both innovative and dependable for existing clients while using new technology to address emerging contaminants and secure new clients will drive the business forward.

"During the first quarter we began re-tasking the organization on two key initiatives," said Dan Scroggins, Interim CEO and Senior Vice President, Research & Innovation of BluMetric. "First, we concentrated a substantial portion of our efforts in areas such as government and mining, where we have been successful in the past. Second, we refocused our remaining resources on sectors with the greatest growth potential: industrial, commercial, and food and beverage. Scott MacFabe, our new CEO as of March 1, 2018, will add strength to these initiatives and we feel that BluMetric now has the tools and is well-positioned for significant client-centred growth."



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Financial Summary

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
	(\$000)	(\$000)
Revenue	7,560	8,288
Gross profit	1,671	1,697
Gross margin %	22%	20%
Operating expenses	1,422	1,280
EBITDA ¹	301	515
Adjusted EBITDA ²	303	480
Net earnings	101	228
Earnings per share –basic	0.00	0.01
Earnings per share –diluted	0.00	0.01

Note 1: EBITDA is a non-IFRS measure and is calculated as net income before interest expense, income taxes, depreciation, and amortization.

Note 2: Adjusted EBITDA is a non-IFRS measure and is calculated as EBITDA, gain or loss on foreign exchange, stock-based compensation, gain or loss on sale of property plant and equipment, gain or loss on debt conversion, unrealized gains on investments held for sale, and impairment of goodwill.

The full results are available at www.sedar.com.

About BluMetric Environmental Inc.

BluMetric Environmental Inc. is a publicly traded cleantech company with a portfolio of industry-leading products, processes, and services in the environment sciences and engineering sectors. BluMetric takes pride in its strong record of providing sustainable solutions to the world's environmental challenges. Headquartered in Ottawa, Ontario, BluMetric's team of industry experts serves clients in Canada, the United States, and Central America.

For more information, visit www.blumetric.ca, or please contact:

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Forward-Looking Statements

Some of the statements in this press release, including those relating to the Company's quarterly and annual results, future products, opportunities and cost initiatives, strategies, and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of the Company. These statements are not historical facts but instead represent only the Company's expectations, estimates, and projections regarding future events. The Company does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as required by law.

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