



**PRESS RELEASE**

**TSX symbol: BX**

## **BIOX ANNOUNCES 2017 SECOND QUARTER RESULTS**

**TORONTO, May 9, 2017** - BIOX Corporation (BIOX) (TSX: BX), a renewable energy company that owns and operates biodiesel production facilities, today announced its 2017 second quarter financial results for the three-month (Q2 2017) and six-month (YTD 2017) periods ended March 31, 2017.

### **Highlights**

- Completed commissioning of the 90 million U.S. gallon (USG) biodiesel production facility in Houston, Texas, through its ownership in the 50/50 joint venture in World Energy BIOX Biofuels LLC (WEBB)
- Upgrades to the 13.2 million USG Sombra facility continue with target commissioning in calendar Q3 2017
- Production of methylesters was 15.4 million litres at the Hamilton facility and 23.4 million litres of biodiesel at the WEBB facility in Q2 2017
- Sales were \$14,206,000 in Q2 2017
- Operating loss prior to non-cash items<sup>1</sup> was \$2,603,000 in Q2 2017
- Net loss was \$5,126,000 in Q2 2017
- Net loss per basic share was \$0.11 in Q2 2017

“Our assets are strategically located in growing biodiesel markets where we can cost-effectively deliver product and compliance directly to the obligated parties,” said Alan Rickard, Chief Executive Officer of BIOX. “The Houston facility is the only bio-based diesel facility located within the Houston terminal, which is one of the largest petroleum distribution sites in North America. Our Hamilton facility, and once commissioned our Sombra facility is expected to, produce bio-based diesel with the lowest carbon intensity in the province. Lower carbon intensity fuels provide an advantage to obligated parties in meeting their mandates under the Ontario Greener Diesel program. With the lapse of the U.S. Blender Tax Credit at the end of calendar 2016 we are now operating within a more challenging commercial environment. As we work to complete the upgrades to and commissioning of the Sombra facility this year we look to transition from our expansion focus to operating our assets and strengthening our balance sheet.”

### **Financial Highlights**

Sales were \$14.2 million and \$33.7 million for the three-month (Q2 2017) and the six-month periods (YTD 2017) ended March 31, 2017, respectively, compared to \$21.4 million and \$47.2 million for the corresponding periods in fiscal 2016. The change in the YTD period is partially due to the recognition of US\$6.7 million of refundable tax credits from customers and the U.S. Internal Revenue Service related to the retroactive reinstatement of the U.S. biodiesel tax incentive in YTD 2016.

BIOX sold 13.1 million litres and 27.5 million litres of biodiesel in Q2 2017 and YTD 2017, respectively, compared to 20.4 million litres and 40.2 million litres in the corresponding periods in fiscal 2016.

The changes in sales and volume sold for both Q2 2017 and YTD 2017 are primarily due to lower sales of third-party product. The Company sold less than 0.1 million litres of third-party product in

both the Q1 2017 and YTD periods, compared to 5.3 million litres and 10.8 million litres of third-party product sales in the corresponding periods last year.

Management intends to take advantage of future opportunities to control and distribute third-party product on an ongoing basis, however the Company's primary focus moving forward are its investments in the Houston and Sombra facilities, and as such management does not anticipate significant levels of third-party product sales in future periods.

Direct expenses were \$15.3 million and \$33.7 million for Q2 2017 and YTD 2017, respectively, compared to \$22.3 million and \$41.2 million for the corresponding periods in fiscal 2016. The changes are primarily the result of the reduction in purchases of third-party product, partially offset by an increase in the average price of feedstock over the prior year periods.

General and administrative expenses were \$1.5 million and \$3.2 million for Q2 2017 and YTD 2017, respectively, compared to \$1.3 million and \$2.7 million for the corresponding periods in fiscal 2016. The changes were primarily due to an increase in professional fees related to management's growth strategies in Q2 2017. Management expects the G&A run-rate to be in the range of \$0.5 million to \$0.6 million per month in fiscal 2017 as the Company has added incremental administrative scale to support the ongoing production at the Houston facility followed by the planned start-up and production at the Sombra facility in mid-2017.

Operating loss was \$3.4 million and \$4.7 million for Q2 2017 and YTD 2017, respectively, compared to an operating loss of \$3.0 million and operating income of \$1.4 million for the corresponding periods in fiscal 2016. The change is primarily a result of the collection of US\$6.7 million in refundable tax credits, referenced above, related to the reinstatement of the U.S. biodiesel tax incentive in YTD 2016. There was no such revenue recognized in the corresponding period in fiscal 2017. The expiry of the U.S. biodiesel tax incentive and its retroactive reinstatement has occurred multiple times in the Company's history, and once again has resulted in lower relative sales revenues in the fiscal Q2 period.

Operating loss prior to non-cash items<sup>1</sup> was \$2.6 million and \$3.1 million for Q2 2017 and YTD 2017, respectively, compared to an operating loss prior to non-cash items of \$2.1 million and operating income prior to non-cash items of \$3.3 million for the corresponding periods in fiscal 2016. The change in the quarterly period is primarily due to the decision to conduct the annual scheduled maintenance at the Hamilton facility in February, while in fiscal 2016 it was conducted in April. The change in the YTD period is primarily related to the retroactive reinstatement of the U.S. biodiesel tax incentive referenced above.

Net loss was \$5.1 million and \$8.3 million for Q2 2017 and YTD 2017, respectively, compared to \$5.3 million and \$0.9 million for the corresponding periods in fiscal 2016. Net loss per basic share was \$0.11 and \$0.18 for Q2 2017 and YTD 2017, respectively, compared to \$0.12 and \$0.02 for the corresponding periods in fiscal 2016. The change in the YTD period is also related to the retroactive reinstatement of the U.S. biodiesel tax incentive referenced above.

As at March 31, 2017, BIOX's available cash position and working capital was \$3.0 million and negative \$13.3 million, respectively, compared with \$3.5 million and negative \$6.1 million at September 30, 2016. The negative working capital balance is a result of the short-term nature of the financing obtained from insiders related to the Houston acquisition. The change in working capital is primarily due to a \$4.1 million draw on the demand loan and an expansion of the bridge note by \$2.0 million.

As at March 31, 2017, BIOX had 46,325,544 common shares outstanding, as well as outstanding options to purchase up to 1,430,000 common shares of BIOX and outstanding warrants to purchase up to 4,400,000 common shares of BIOX.

**Outlook**

In June 2016, BIOX acquired, or participated in the acquisition of, two biodiesel production facilities expanding its capacity from 67 million litres to 287.5 million litres of owned capacity (458 million litres gross capacity including the joint venture).

These two acquisitions demonstrate BIOX's ability to execute on its growth strategies through increasing the volume of biodiesel it produces, controls and distributes in strategic locations throughout North America.

In the near term, BIOX's primary focus is the operation and marketing of product from its Hamilton facility and WEBB's Houston facility as well as the start-up of the Sombra facility. BIOX continues to invest in upgrades to the Sombra facility that will improve the facility's efficiency and enable the use of a broader range of feedstock, specifically lower carbon intensity feedstocks, such as animal fats and recycled cooking oils. The Company expects the facility to be in production by the third quarter of calendar 2017 to capture a portion of the 2017 blend season in Ontario.

Management believes the Ontario market will play an increasingly important role in its distribution network. The implementation of the Greener Diesel program in Ontario mandates increasing blend rates and a move toward lower carbon intensity fuels in 2017. The greenhouse gas (GHG) reduction aspects of the Ontario Greener Diesel mandate are an important differentiator for BIOX. Bio-based diesel produced by BIOX at the Hamilton facility has the lowest carbon intensity in the province, reducing GHG emissions by more than 100% when compared to petroleum diesel. The Sombra facility, once upgraded to handle lower carbon intensity feedstocks, will produce at a comparable GHG emission efficiency to the bio-diesel produced by BIOX at its Hamilton facility.

In November 2015, the U.S. Environmental Protection Agency published its Renewable Volume Obligation (RVO) for Biomass-based diesel. The RVO established a minimum volume requirement for biomass-based diesel of 2.0 billion USG in 2017, an increase from 1.9 billion USG for 2016. The RVO is recognized as the primary driver of demand for biodiesel in the U.S. market. Management believes the clarity around the volume obligations will create stable and consistent demand from obligated parties.

With assets in the U.S. and Ontario located in close proximity to blending infrastructure, pipelines and transport access, management believes BIOX is in a strong position to serve obligated parties in these two growing biodiesel markets.

**Notice of Conference Call**

BIOX will hold a conference call tomorrow morning, May 10, 2017, at 9:00 a.m. ET hosted by Mr. Alan Rickard, Chief Executive Officer to discuss the Company's financial results and corporate developments. To access the conference call by telephone, dial (647) 427-7450 or (888) 231-8191. To access the telephone replay, dial (416) 849-0833 or (855) 859-2056 and enter reservation number 18583372. A live audio webcast of the call will be available at [www.bioxcorp.com](http://www.bioxcorp.com). The webcast will be archived for 90 days.

## Reconciliation of Non-IFRS Measures

The following table presents a reconciliation of operating income prior to non-cash items to net income for the three-month and six-month periods ended March 31, 2017 and 2016:

(in thousands)	Three months ended		Six months ended	
	March 31		March 31	
	2017	2016	2017	2016
	\$	\$	\$	\$
Operating (loss) income before non-cash items	(2,603)	(2,105)	(3,129)	3,253
Deduct: Production facility depreciation and amortization	(680)	(652)	(1,401)	(1,438)
Depreciation and amortization of equipment and intangible assets	(50)	(56)	(102)	(112)
Share-based compensation	(23)	(144)	(84)	(256)
Operating (loss) income	(3,356)	(2,957)	(4,716)	1,447
Income tax expense	(433)	(1,739)	(767)	(1,739)
Other income and expenses	(1,337)	(626)	(2,843)	(649)
Net loss	(5,126)	(5,322)	(8,326)	(941)

1) *Note: Non-IFRS Measures. Operating income (loss) prior to non-cash items is defined as operating income or loss less production facility depreciation and amortization, and less depreciation and amortization of equipment and intangibles and share-based compensation. Management uses this measurement to monitor the operating cash flow of BIOX's business and believes this information is useful supplemental information to a reader of financial statements. This measurement may not be comparable to similar measures presented by other issuers. Investors are cautioned that operating income (loss) prior to non-cash items should not be construed as an alternative to net (loss) income determined in accordance with IFRS as an indicator of BIOX's performance.*

## About BIOX Corporation

BIOX is a renewable energy company that, owns and operates 287.5 million litres of nameplate biodiesel production capacity at plants located in Houston, Texas and two facilities in southern Ontario. BIOX has an innovative, proprietary and patented production process that is capable of producing the highest quality, renewable, clean burning and biodegradable biodiesel fuel utilizing a variety of feedstocks - from pure seed oils to animal fats to recovered vegetable oils with no change to the production process. BIOX's high quality biodiesel fuel meets North American (ASTM D-6751) quality standards.

## Forward-looking Statements

*Certain statements in this press release constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of BIOX, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. Such statements relate to, among other things, BIOX's long-term expectations for the biodiesel market in light of current market conditions, the timeline for the Sombra facility commencing production, the capacity of and anticipated upgrades to the Sombra facility and timing thereof, and the ability of BIOX to benefit from recent regulatory initiatives in the U.S. and Ontario. These statements reflect BIOX's current views regarding future events and operating performance, are based on information currently available to BIOX, and speak only as of the date of this press release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Those assumptions and risks include, but are not limited to, the fact that BIOX's results of operations and business outlook are highly dependent on a mix of legislation and producer payment programs and tax credits and upon commodity prices, which are subject to significant volatility and uncertainty. Many factors could cause the actual results, performance or achievements of BIOX to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including factors*

*described in this press release and those discussed in BIOX's publicly available disclosure documents, as filed by BIOX on SEDAR (www.sedar.com) except as updated herein. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, BIOX does not intend and does not assume any obligation to update these forward-looking statements. To the extent any forward-looking statements herein constitute financial outlook, they were approved by management as of the date hereof and have been included to provide an understanding with respect to BIOX's financial performance and are subject to the same risks and assumptions referred to herein. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur and readers are cautioned that any financial outlook information contained in this news release should not be used for purposes other than for which it is disclosed herein.*

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**BIOX** Corporation**Condensed consolidated interim statements of comprehensive loss**

Three and six month periods ended March 31, 2017 and 2016

(Unaudited)

(Expressed in thousands of Canadian dollars, except share and per share amounts)

	Three months ended March 31,		Six months ended March 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Revenue</b>	<b>14,206</b>	21,426	<b>33,731</b>	47,169
Cost of sales				
Direct expenses	<b>15,280</b>	22,268	<b>33,698</b>	41,177
Production facility depreciation and amortization	<b>680</b>	652	<b>1,401</b>	1,438
	<b>15,960</b>	22,920	<b>35,099</b>	42,615
Gross margin	<b>(1,754)</b>	(1,494)	<b>(1,368)</b>	4,554
Operating expenses				
General and administrative	<b>1,529</b>	1,263	<b>3,162</b>	2,739
Depreciation and amortization of equipment and intangible assets	<b>50</b>	56	<b>102</b>	112
Share-based compensation	<b>23</b>	144	<b>84</b>	256
	<b>1,602</b>	1,463	<b>3,348</b>	3,107
Operating (loss) income	<b>(3,356)</b>	(2,957) <sup>█</sup>	<b>(4,716)</b>	1,447
Other expenses				
Financing cost	<b>765</b>	230	<b>1,685</b>	467
Loss on investment in joint venture	<b>549</b>	-	<b>1,111</b>	-
Gain on revaluation of asset retirement obligation	-	-	-	(329)
Foreign exchange loss	<b>30</b>	402	<b>54</b>	527
	<b>1,344</b>	632	<b>2,850</b>	665
Net (loss) income before interest income and income taxes	<b>(4,700)</b>	(3,589)	<b>(7,566)</b>	782
Income tax expense	<b>(433)</b>	(1,739)	<b>(767)</b>	(1,739)
Interest income	<b>7</b>	6	<b>7</b>	16
Net loss for the period	<b>(5,126)</b>	(5,322)	<b>(8,326)</b>	(941)
Other comprehensive income (loss)				
Foreign currency translation gain (loss)	<b>27</b>	23	<b>(51)</b>	57
<b>Comprehensive loss</b>	<b>(5,099)</b>	(5,299)	<b>(8,377)</b>	(884)
<b>Loss per common share</b>				
Basic	<b>(0.11)</b>	(0.12)	<b>(0.18)</b>	(0.02)
Diluted	<b>(0.11)</b>	(0.12)	<b>(0.18)</b>	(0.02)
<b>Weighted average number of common shares outstanding</b>				
Basic	<b>46,111,793</b>	46,055,164	<b>46,111,793</b>	46,055,164
Diluted	<b>46,111,793</b>	46,055,164	<b>46,111,793</b>	46,055,164

## BIOX Corporation

### Condensed consolidated interim statements of changes in equity

Six month periods ended March 31, 2017 and 2016

(Unaudited)

(Expressed in thousands of Canadian dollars, except share and per share amounts)

	Common share capital		Warrant reserve		Accumulated		Total equity	
	Shares	Amount	Share purchase warrants	Amount	Equity reserve	comprehensive loss		Deficit
	#	\$	#	\$	\$	\$	\$	
Balance, September 30, 2015	46,025,124	168,130	-	-	1,968	(659)	(136,474)	32,965
Share-based compensation	-	-	-	-	256	-	-	256
Share purchase	72,919	46	-	-	(20)	-	-	26
Net loss	-	-	-	-	-	-	(941)	(941)
Foreign currency translation gain	-	-	-	-	-	57	-	57
Balance, March 31, 2016	46,098,043	168,176	-	-	2,204	(602)	(137,415)	32,363
<b>Balance, September 30, 2016</b>	<b>46,098,043</b>	<b>168,176</b>	<b>4,400,000</b>	<b>727</b>	<b>2,446</b>	<b>(617)</b>	<b>(139,883)</b>	<b>30,849</b>
Share-based compensation	-	-	-	-	84	-	-	84
Share purchase	227,501	248	-	-	(112)	-	-	136
Net loss	-	-	-	-	-	-	(8,326)	(8,326)
Foreign currency translation loss	-	-	-	-	-	(51)	-	(51)
<b>Balance, March 31, 2017</b>	<b>46,325,544</b>	<b>168,424</b>	<b>4,400,000</b>	<b>727</b>	<b>2,418</b>	<b>(668)</b>	<b>(148,209)</b>	<b>22,692</b>

# BIOX Corporation

## Condensed consolidated interim statements of financial position

As at March 31, 2017 and September 30, 2016

(Unaudited)

(Expressed in thousands of Canadian dollars)

	March 31, 2017	September 30, 2016
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,018	3,529
Restricted cash	1,174	1,174
Accounts receivable	2,007	2,882
Prepaid expenses	973	808
Inventory	4,934	3,841
	<b>12,106</b>	12,234
Investment in joint venture	12,087	12,984
Property, plant and equipment	30,345	30,091
Intangible assets	259	304
Deferred income tax assets	9,218	9,985
	<b>64,015</b>	65,598
<b>Liabilities</b>		
Current liabilities		
Accounts payable and other liabilities	8,009	7,108
Demand loan	4,091	-
Short-term debt	10,669	8,330
Current portion of long-term debt	1,500	1,500
Current portion of finance leases	-	6
Current portion of provisions	1,097	1,432
	<b>25,366</b>	18,376
Long-term debt	6,360	7,107
Secured promissory notes	6,140	5,570
Provisions	3,457	3,696
	<b>41,323</b>	34,749
<b>Equity</b>		
Common share capital	168,424	168,176
Warrant reserve	727	727
Equity reserve	2,418	2,446
Accumulated other comprehensive loss	(668)	(617)
Deficit	(148,209)	(139,883)
	<b>22,692</b>	30,849
	<b>64,015</b>	65,598



# BIOX Corporation

## Condensed consolidated interim statements of cash flows

Six month periods ended March 31, 2017 and 2016

(Unaudited)

(Expressed in thousands of Canadian dollars, except share and per share amounts)

	2017	2016
	\$	\$
<b>Operating activities</b>		
Net loss	(8,326)	(941)
Add (less) items not involving cash		
Production facility depreciation and amortization	1,401	1,438
Depreciation and amortization of equipment and intangible assets	102	112
Financing costs	1,206	281
Share-based compensation	84	256
Gain on revaluation of provisions	-	(329)
Accretion of provisions	133	159
Loss on investment in joint venture	1,076	-
Income tax expense	767	1,739
	(3,557)	2,715
Net change in non-cash working capital balances related to operations	247	(2,338)
	(3,310)	377
<b>Investing activity</b>		
Purchase of property, plant and equipment	(1,578)	(614)
Decrease in restricted cash	-	260
	(1,578)	(354)
<b>Financing activities</b>		
Payments on tank lease provision	(748)	(762)
Payments on finance leases	(6)	(17)
Proceeds from short-term debt financing	1,888	-
Repayment of long-term debt financing	(750)	(750)
Proceeds from demand loan	4,091	2,250
Issuance of common shares	136	26
Interest paid	(274)	(276)
	4,337	471
Effect of exchange rate changes on:		
Cash held in foreign currency	40	(231)
Net (decrease) increase in cash and cash equivalents during the period	(511)	263
Cash, beginning of period	3,529	7,709
<b>Cash, end of period</b>	<b>3,018</b>	<b>7,972</b>