

Bennett Environmental Announces Q2 2004 Results

Oakville, Ontario, July 22, 2004 - Bennett Environmental Inc., a North American leader in the high temperature treatment of contaminated soils, announces Q2 revenue of \$3,894,643 and a loss of \$2,150,420. This compares with revenues of \$13,369,587 and earnings of \$2,162,824 in the same period a year ago. The Company had a loss of \$0.12 per fully diluted share in the quarter versus a profit of \$0.13 per fully diluted share in the same quarter in 2003.

Total volumes processed during the quarter were 4,000 tonnes versus 13,000 tonnes for the same period last year. The operation of Bennett's Saint Ambroise, Quebec, thermal treatment facility resumed in late May following an unscheduled two month shutdown due to lack of soil, and shipments of soil were less than expected through the month of June.

The Company expects that the volumes of soil processed in the third quarter of 2004 will be comparable to the same period last year, when 20,000 tonnes were treated. Fourth quarter volumes are expected to be a minimum of 20,000 tonnes. At the end of the second quarter, storage was about 1,000 tonnes and is expected to increase to over 10,000 tonnes by the end of the third quarter in September. The Saint Ambroise facility is expected to operate at about 80% of capacity overall this quarter.

Construction of the Company's new plant in Belledune, New Brunswick, is currently 95% complete and the plant will enter the commissioning phase, as planned, within the next month. Bennett plans to complete compliance testing and receive an operating permit in the fourth quarter.

However, the Company is dependent on the soil delivery schedule from the Federal Creosote project in New Jersey to begin production at Belledune. Only when it is clear that sufficient volumes of shipments will be received for processing at Belledune, will the facility begin operations. This will ensure that the Company can most effectively manage costs and protect margins until greater volumes of soil are assured.

"Our second quarter results are very disappointing and not representative of the potential of this company," said Allan Bulckaert, President and CEO. "We have done a solid job in minimizing expenses in the quarter to mitigate the impact of low soil deliveries. However, our challenge remains to have a constant flow of material from a variety of projects through the remainder of the year. We want to ensure sufficient inventory in our storage facilities by year-end as we enter into the winter months."

"To secure higher and more stable inventories of soil from a variety of sources, we have begun a series of initiatives to build our sales organization," said Mr. Bulckaert. "Over the past month, we have added two seasoned sales executives to our U.S. sales staff. This is the first time Bennett has had experienced sales executives on the ground full-time in the U.S. We are also in discussions with other soil treatment companies with the goal of forming new sales partnerships. "

"I am also pleased to announce that, effective September 6, 2004 Andy Boulanger will join Bennett as Chief Financial Officer. Andy replaces Rick Stern, who is leaving the Company on September 30. Rick has ably served Bennett as CFO for the past four years. Andy brings a wealth of senior level, public company experience and has strong financial and operational skills."

Finally, Bennett will be closing its Vancouver office and consolidate all accounting and administrative functions in Toronto by December 31, 2004.

"Bennett has not lost its ability to generate high margins on the treatment of healthy volumes of soil," said Mr. Bulckaert. "As we return to higher operating levels, our results will improve dramatically and I am confident we can make significant progress within the next year."

The financial outlook for the Company remains strong. The Company has a healthy balance sheet with cash on hand of \$13,940,484, untapped lines of credit of \$10,000,000 and 90% of the Belledune expenditures completed. The Company expects to be cash flow positive in the third and fourth quarters of 2004 and beyond.

Results of Operations

The Company's operating costs of \$3,626,903 for the second quarter were lower than the \$6,503,884 for the same period last year and reflect the significantly lower plant utilization in the quarter. In total, 4,000 tonnes of soil were processed in the quarter compared to 13,000 tonnes for the same period last year. Plant capacity utilization was approximately 16% and was limited by a lack of soil for processing for two months throughout the quarter.

Administrative and Business Development costs of \$2,746,786 were overall, slightly higher than the \$2,612,308 incurred in the same quarter in 2003. However, included in Q2 2003 Administration and Business Development expenses were \$921,046 for stock based compensation versus \$169,059 included in the Q2 2004 expenses. Adjusted for this item, increased expenditures of \$886,465 for insurance, salaries and legal and professional fees comprised the bulk of the increase. Effective January 1, 2004, the Company adopted the amended recommendations of the Canadian Institute of Chartered Accountants for accounting for stock based compensation. The amended recommendations have been applied retroactively, with restatement of prior periods.

Amortization and depreciation was \$624,387 for the quarter and reflects the increase in depreciation for the new storage facility constructed at the Saint Ambroise plant in mid 2003 and depreciation of assets and operating permits associated with the Eco Logic International purchase in late 2003.

The Company has cash of \$13,940,484 after the expenditure of \$8,919,696 in the quarter for the construction of the new facility in Belledune, New Brunswick. The Company also

has an untapped line of credit of \$10,000,000 at its disposal and has no plans at this time for its use. Receivable balances of \$22,848,068 are down significantly from year-end and are expected to be further reduced in the third quarter due to the payment of outstanding invoices by the Government of Canada as part of a negotiated payment schedule for the Saglek Labrador project. The balance of outstanding shares at June 30, 2004 was 18,345,339.

About Bennett Environmental Inc.

Bennett Environmental Inc. is a North American leader in high temperature treatment services for the remediation of contaminated soil and has provided thermal solutions to contamination problems throughout Canada and the US. Bennett Environmental's proprietary technology provides for the safe, economical and permanent solution to contaminated soil. Independent testing has consistently proven that the technology operates well within the most stringent criteria in North America.

Bennett Environmental is listed on the Toronto Stock Exchange ("BEV") and the American Stock Exchange ("BEL"). For information, please visit the Bennett Environmental website at www.bennettenv.com, or contact Al Bulckaert or Rick Stern at (905) 339-1540.

Notes regarding forward-looking information

This news release includes statements about expected future events and/or financial results that are forward looking in nature and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbour for forward-looking statements provisions contained in the Private Litigation Reform Act of 1995. The Company cautions that actual performance will be affected by a number of various factors, many of which are beyond the Company's control. Discussions of the various factors that may affect future results are contained in the Company's filings with the Securities and Exchange Commission and Ontario Securities Commission.

BENNETT ENVIRONMENTAL INC.

Consolidated Balance Sheets

(Expressed in Canadian dollars)

As at June 30, 2004 with comparative figures

As at December 31, 2003

	June 30 2004 (unaudited)	December 31 2003 (Audited) (Restated - Note 2)
Assets		
Current assets		
Cash and cash equivalents	\$ 13,940,484	\$ 12,586,353
Accounts receivable	22,848,068	29,012,175
Income tax receivable	1,235,588	-
Work-in-progress	37,973	151,893
Prepaid expenses and other	3,145,739	2,154,983
	<u>41,207,852</u>	<u>43,905,404</u>
Investment	501,593	568,193
Property plant and equipment	41,008,052	23,779,384
Other assets	7,341,997	6,777,953
Goodwill	646,638	646,638
	<u>\$ 90,706,132</u>	<u>\$ 75,677,572</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,171,263	\$ 9,964,937
Income taxes payable	-	2,961,632
Current portion of long-term debt	9,543	4,601
	<u>4,180,806</u>	<u>12,931,170</u>
Future income tax liability	2,586,506	2,616,861
Deferred revenue	-	814,409
Long-term debt	303,242	417,143
Shareholders' equity		
Share capital	55,563,951	28,397,470
(Common shares outstanding 18,345,339 (2003 - 17,145,789))		
Contributed surplus	1,258,147	1,201,776
Retained earnings	26,813,480	29,298,743
	<u>83,635,578</u>	<u>58,897,989</u>
	<u>\$ 90,706,132</u>	<u>\$ 75,677,572</u>

See accompanying notes to consolidated financial statements.

BENNETT ENVIRONMENTAL INC.

Consolidated Statement of Operations and Retained Earnings (Deficit)
 (Expressed in Canadian dollars)

For the Six-Month Period Ended June 30, 2004 with comparative figures for the Six-Month Period Ended June 30, 2003, and
 the Three-Month Period Ended June 30, 2004 with the comparative figures for the Three-Month Period Ended June 30, 2003

	6 months		3 months	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales	\$ 12,836,827	\$ 25,419,700	\$ 3,894,643	\$ 13,369,587
Interest and other income	250,077	333,831	129,198	65,551
	13,086,904	25,753,531	4,023,841	13,435,138
Expenses				
Operating costs	9,309,846	11,677,955	3,626,903	6,503,884
Administration and business development	5,828,772	4,581,937	2,746,786	2,612,308
Amortization	1,281,724	847,209	624,387	406,034
Foreign exchange	(75,140)	481,319	(71,452)	265,653
Interest expenses	48,301	50,921	22,733	14,207
	16,393,503	17,639,341	6,949,357	9,802,086
Earnings (loss) before income taxes	(3,306,599)	8,114,190	(2,925,516)	3,633,052
Income tax expense				
Current	(1,260,296)	2,986,973	(1,318,061)	1,356,801
Future	438,960	50,000	542,965	113,427
	(821,336)	3,036,973	(775,096)	1,470,228
Net earnings (loss)	(2,485,263)	5,077,217	(2,150,420)	2,162,824
Retained earnings (deficit), beginning of period	29,298,743	11,621,859	28,963,900	14,716,556
Retained earnings, end of period	\$ 26,813,480	\$ 16,699,076	\$ 26,813,480	\$ 16,879,380
Basic earning per share	\$ (0.14)	\$ 0.30	\$ (0.12)	\$ 0.13
Fully diluted earnings per share	\$ (0.14)	\$ 0.30	\$ (0.12)	\$ 0.13

See accompanying notes to consolidated financial statements.

BENNETT ENVIRONMENTAL INC.

Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

For the Six-Month Period Ended June 30, 2004 with comparative figures for the Six-Month Period Ended June 30, 2003, and the Three-Month Period Ended June 30, 2004 with the comparative figures for the Three-Month Period Ended June 30, 2003

	6 months		3 months	
	June 30, 2004 (unaudited)	June 30, 2003 (unaudited)	June 30, 2004 (unaudited)	June 30, 2003 (unaudited)
CASH PROVIDED BY (USED IN):				
Operations				
Net earnings (loss)	\$ (2,485,263)	\$ 5,077,217	\$ (2,150,420)	\$ 2,162,824
Items not involving cash				
Amortization	1,281,724	847,209	624,387	406,034
Equity investment loss	66,600	-	33,301	-
Increased stock-based compensation	338,118	1,101,350	169,059	921,046
Shares issued for services rendered	-	2,840	-	2,840
Future income taxes	438,960	50,000	542,965	113,427
Deferred revenue	(814,409)	-	(93,321)	-
	(1,174,270)	7,078,616	(874,029)	3,606,171
Change in non-cash operating working capital				
Accounts receivable	6,164,107	(3,657,691)	3,258,897	(1,570,341)
Income taxes receivable	(1,235,588)	-	(1,235,588)	-
Work-in-progress	113,920	143,352	56,960	197,039
Prepaid expenses and other	(990,756)	(1,263,640)	92,603	173,773
Accounts payable and accrued liabilities	(5,793,674)	(2,211,466)	(1,636,499)	15,203
Income taxes payable	(2,961,632)	(4,998,607)	(143,400)	(871,852)
	(4,703,623)	(11,988,052)	392,973	(2,056,178)
Financing activities				
Repayments of long-term debt	(108,959)	(523,123)	(2,183)	(259,731)
Share capital, issued for cash	26,415,418	676,840	460,216	188,126
	26,306,459	153,717	458,033	(71,605)
Investing Activities				
Purchase of capital assets	(18,320,391)	(3,450,467)	(8,919,696)	(1,924,069)
Increase in other assets	(754,044)	(556,271)	(348,368)	(494,789)
	(19,074,435)	(4,006,738)	(9,268,064)	(2,418,858)
Decrease in cash and cash equivalents	1,354,131	(8,762,457)	(9,291,087)	(940,470)
Cash and cash equivalents, beginning of period	12,586,353	19,267,639	23,231,571	11,445,652
Cash and cash equivalents, end of period	\$ 13,940,484	\$ 10,505,182	\$ 13,940,484	\$ 10,505,182

See accompanying notes to consolidated financial statements.

Supplementary disclosure of cash flow information:

Cash paid for:

Interest paid	30,118	17,721	12,028	15,536
Income taxes paid	4,073,650	7,985,580	103,650	-

Notes to the Consolidated Financial Statements (UNAUDITED)

1. Basis of Presentation:

These consolidated interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and accordingly, do not include all disclosures required for annual financial statements. In the opinion of management, all adjustments, including reclassifications and normal recurring adjustments necessary to present fairly the financial position, results of operations and retained earnings, and cash flows at June 30, 2004 and for all periods presented, have been made. Interim results are not necessarily indicative of the results for a full year.

These consolidated interim financial statements should be read in conjunction with the December 31, 2003 annual financial statements and notes thereto included in the 2003 Annual Report.

2. Change in accounting policies:

These consolidated interim financial statements follow the same accounting policies and methods of application as our annual consolidated financial statements, except for the following:

Effective January 1, 2004, the Company adopted the amended recommendations of the Canadian Institute of Chartered Accountants ("CICA") for accounting for stock-based compensation. The amended standard requires recognition of an estimate of the fair value of stock-based awards in earnings. Previously, the Company provided note disclosure of pro forma net income as if a fair value based method had been used.

The amended recommendations have been applied retroactively, with restatement of prior periods. The restatement at January 1, 2004 resulted in an increase to share capital at December 31, 2003 of \$493,601 (2002 - \$4,498), contributed surplus of \$1,201,776 (2002 - \$492,077) and a decrease to retained earnings of \$1,695,377 (2002 - \$496,575). The adjustments represent the total compensation expense which would have been recorded had a fair value based method been used for stock options granted after January 1, 2002 and adjustments for exercised options. Compensation expense related to stock options for the three and six months ended June 30, 2004 is

\$169,059 and \$338,118 respectively (three months ended June 30, 2003 - \$921,046, six months ended June 30, 2003 - \$1,101,350).

	As previously Reported	Adjustment	Restated
As at December 31, 2002:			
Retained earnings	\$11,621,859	(\$496,575)	\$11,125,284
Share capital	2,388,2001	4,498	23,886,499
Contributed surplus	-	492,077	492,077
As at December 31, 2003:			
Retained earnings	30,994,120	(1,695,377)	29,298,743
Share capital	27,903,869	493,601	28,397,470
Contributed surplus	-	1,201,776	1,201,776
3 months ended June 30, 2003:			
Admin. and business development	1,691,262	921,046	2,612,308
Net earnings	3,083,870	(921,046)	2,162,824
Basic earnings per share	0.18		0.13
Fully diluted earnings per share	0.18		0.13
6 months ended June 30, 2003:			
Admin. and business development	3,480,587	1,101,350	4,581,937
Net earnings	6,178,567	(1,101,350)	5,077,217
Basic earnings per share	0.37		0.30
Fully diluted earnings per share	0.36		0.30

3. Share capital:

a. The issued share capital of the Company is as follows:

	Common	Amount
Balance at December 31, 2003	17,145,789	(Restated - Note 2) \$ 28,397,470
Issued during the six months ended June 30, 2004 for:		
Exercise of options for cash	199,550	1,816,515
Stock-based compensation related to exercise of options		281,747
Shares issued for private placement	1,000,000	26,000,000

	18,345,339	56,495,732
Share issuance cost		(1,401,096)
Future income tax recovery		469,315
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Balance at June 30, 2004	18,345,339	\$ 55,563,951
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b. Stock option activity for the six months ended June 30, 2004 is as follows:

	Shares
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Outstanding, December 31, 2003	1,120,602
Exercised	(199,550)
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Outstanding, June 30, 2004	921,052
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