

Bennett Environmental Announces Third Quarter Results

Oakville, Ontario, November 2nd, 2004 - Bennett Environmental Inc. today announced its financial and operating results for the quarter and nine months ended September 30, 2004 and reported on other developments.

- Net loss of \$0.43 per share including an after-tax charge of \$0.36 per share in the third quarter
- Submission of a study commissioned by the Company to the Quebec Ministry of Environment which concludes that the Company is not the source of elevated levels of dioxins and furans near the RSI plant.
- Six week plant closure is scheduled for RSI, beginning in mid November
- New orders received totalling a minimum of 11,000 tonnes of soil for thermal remediation

Financial results

The Company announced a third quarter after-tax loss of \$7.8 million (\$0.43 per common share). Bennett earned \$6.8 million or \$0.39 per share in the same quarter last year.

In the third quarter, Bennett took pre-tax charges totalling approximately \$10.0 million. These charges include:

- Non-cash charges of \$8 million related to (i) write-down of fixed assets, (ii) write-off of capitalized costs related to operating permits for a proposed waste disposal facility at Kirkland Lake, Ontario which will not be built and (iii) write-down of accounts receivable and the taking of a provision against a cost reimbursement claim with respect to the recently completed Saglek project.
- A charge of approximately \$2.0 million relating to staff reductions and closure costs for the Vancouver office.

During the third quarter of 2004, Bennett processed approximately 20,000 tonnes of soil at its RSI plant in Saint Ambroise, Quebec. Revenue for the quarter was \$7.9 million compared to \$22.4 million in the third quarter of 2003 when 23,000 tonnes of soil were processed. Factors affecting the quarter's revenue are described below.

Saglek

The Saglek project consisted of work in northern Labrador for Defense Construction Canada with respect to tendered and non-tendered specifications. The project started in 2002 and was completed in the third quarter of 2004. Revenue for this project was recognized using the "percentage of completion method" of accounting under which a formula is applied to recognize revenue based on the rate at which costs are actually incurred in the completion of the project. This method of accounting was adopted because in the Saglek project Bennett was the prime contractor responsible for project construction and supervision which went beyond its normal role of shipping and thermally treating contaminated soil. Saglek was the only project for which the

Company used the "percentage of completion" method for revenue recognition in 2003 and the first three quarters of 2004.

During the third quarter, the Saglek project was completed and approximately 7,000 tonnes of material from Saglek were processed. Over the course of the entire project, Bennett excavated approximately 56,000 tonnes of soil and processed approximately 44,000 tonnes of material in its facilities. The volume of material processed was approximately 4,600 tonnes less than originally estimated for 2004 because the project ended sooner than expected.

Bennett has submitted a claim for extra expenses for the removal of certain materials that were a part of a non-tendered specification. The Company is endeavouring to recover these costs but a provision has been recorded as there is no assurance that the Company will be successful in recovering all costs.

The provision against the claims and the shortfall in tonnage is treated as a change in the recorded total revenue attributable to the project, and accordingly, revenues in the quarter were \$8 million lower than expected.

Other Projects

Bennett processed a total of 13,000 tonnes of soil from other projects in Canada and the US. Revenue from processed materials from these other projects averaged approximately \$600 per tonne.

Costs and Expenses

The Company's operating costs were \$9.6 million for the third quarter, approximately equal to the costs for the same period last year. Included in the operating costs were costs related to the mobilization and de-mobilization of equipment for the Saglek contract of \$2.1 million. Administrative and business development costs were \$5.4 million for the quarter compared to \$1.6 million from the same period last year. The additional expenses include a \$2.0 million provision related to the closure costs related to the Vancouver office, and to higher legal costs. Amortization expenses were \$0.6 million, approximately equal to those of the prior period. In the quarter the Company recorded a \$4.3 million charge as a result of an impairment in assets values related to the Kirkland Lake operating permits and that project's fixed assets.

Balance Sheet

At September 30, 2004, cash on hand was \$5.6 million compared to \$13.9 million in the second quarter of 2004. The major use of cash in the quarter was on the completion of the Belledune plant.

Working capital at the end of the quarter, net of cash, was \$20.6 million compared to \$18.4 million a year earlier. At the end of the third quarter, long term debt was \$303,000.

Credit Facility

Subsequent to the end of the quarter, the Company was notified of the discontinuation by one of its lenders of a \$10 million line of credit which was completely undrawn.

Nine Months Results

For the nine months ended September 30, 2004 Bennett's net loss, after the charges described above, was \$10.2 million (\$0.56 per common share) on revenues of \$20.8 million. For the period ending September 30, 2003, Bennett earned \$11.8 million or \$0.71 per share on revenues of \$47.8 million.

Récupère Sol Plant (RSI) in Saint-Ambroise.

As previously announced, the Quebec Ministry of Environment's Prior Notice has alleged that Bennett was the source of elevated levels of dioxins and furans in the vicinity of the plant in Saint Ambroise, Quebec. On November 1, 2004 Bennett submitted a comprehensive study to the Quebec Ministry of Environment, which has concluded that the "finger prints" of the dioxins and furans emanating from Bennett's plant do not match the "finger prints" of dioxins and furans from the Ministry's report. Bennett's study further demonstrates that its plant emissions remain well within regulated limits.

The results of the study suggest that there are other probable sources for the elevated levels. The study is currently being reviewed by officials of the Quebec Ministry of the Environment.

Expected Volume of Soils to be Treated and Temporary Plant Shutdown

At the end of the third quarter, Bennett's soil inventory was about 8,000 tonnes. The Company has received new orders to process a minimum of 11,000 tonnes of contaminated soil from sites in Canada and the United States. Bennett anticipates that the soil will be processed during the first and second quarters of 2005.

Bennett expects to process approximately 8,000 to 10,000 tonnes in the fourth quarter, prior to shutting the RSI plant down in mid-November through to year end. It is anticipated that this temporary shut-down will produce an operating loss in the fourth quarter.

In the first and second quarters of 2005, the RSI plant is expected to operate at about 60-80% of capacity.

Comment

"Over the past two quarters we have taken a series of very important steps designed to position Bennett for recovery. We have put new and experienced sales capability in the US market, added depth to our management team and implemented new processes to track and identify new business," said Al Bulckaert, President and CEO.

"In the past the Company has relied heavily on the Federal Creosote project in Manville New Jersey. While the Federal Creosote Project is important both to us and to the US Environmental

Protection Agency, it is only one of many sites in North America containing contaminated soil which can be treated using Bennett's thermal oxidization technology," continued Al Bulckaert. "During Q3 Bennett submitted bids on over 50,000 tonnes of contaminated soil at these sites."

"These bidding processes are time consuming so we don't anticipate a dramatic impact on our near term volumes. But as these latest orders demonstrate, our enhanced sales presence, backed by our solid customer relationships, should increase the flow of material to our plants and provide significantly improved results in 2005. Bennett has the resources and the proven ability to be a leader in the environmental remediation industry," concluded Mr. Bulckaert.

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 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 (Trading Symbol "BEV") and the American Stock Exchange (Trading Symbol "BEL"). For information, please visit the Bennett Environmental website at www.bennettenv.com, or contact Al Bulckaert or Andy Boulanger at the Oakville office at (905) 339-1540.

Note for Investors:

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 harbor 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 September 30, 2004 with comparative figures

As at December 31, 2003

| | September 30 2004 | December 31 2003 |
|--|----------------------|----------------------------------|
| | (unaudited) | (Audited) (Restated - Note 2) |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 5,607,124 | \$ 12,586,353 |
| Accounts receivable | 21,946,826 | 29,012,175 |
| Income tax receivable | 3,569,375 | - |
| Work-in-progress | - | 151,893 |
| Prepaid expenses and other | 2,805,814 | 2,154,983 |
| | <u>33,929,139</u> | <u>43,905,404</u> |
| Investment | 487,380 | 568,193 |
| Note Receivable | 300,000 | - |
| Property, Plant and Equipment | 45,208,290 | 23,779,384 |
| Other assets | 4,213,640 | 6,777,953 |
| Goodwill | 646,638 | 646,638 |
| | <u>\$ 84,785,087</u> | <u>\$ 75,677,572</u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 7,566,572 | \$ 9,964,937 |
| Income taxes payable | - | 2,961,632 |
| Current portion of long-term debt | 9,067 | 4,601 |
| | <u>7,575,639</u> | <u>12,931,170</u> |
| Future income tax liability | 692,194 | 2,616,861 |
| Deferred revenue | - | 814,409 |
| Long-term debt | 300,767 | 417,143 |
| Shareholders' equity | | |
| Share capital | 55,790,712 | 28,397,470 |
| (Common shares outstanding 18,415,940 (2003 - 17,145,789)) | | |
| Contributed surplus | 1,409,977 | 1,201,776 |
| Retained Earnings | 19,015,798 | 29,298,743 |
| | <u>76,216,487</u> | <u>58,897,989</u> |
| | <u>\$ 84,785,087</u> | <u>\$ 75,677,572</u> |

BENNETT ENVIRONMENTAL INC.

Consolidated Statement of Operations and Retained Earnings (Deficit)

(Expressed in Canadian dollars)

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

| | 9 months | | 3 months | |
|--|-----------------------------------|--|--------------------------------------|--|
| | September 30, 2004 (unaudited) | September 30, 2003 (unaudited) (Restated - Note 2) | September 30, 2004 (unaudited) | September 30, 2003 (unaudited) (Restated - Note 2) |
| Sales | \$ 20,804,810 | \$ 47,822,472 | \$ 7,967,983 | \$ 22,402,772 |
| Interest and other income | 438,468 | 543,346 | 188,391 | 209,515 |
| | 21,243,278 | 48,365,818 | 8,156,374 | 22,612,287 |
| Expenses | | | | |
| Operating costs | 18,929,455 | 21,644,419 | 9,619,609 | 9,966,464 |
| Administration and business development | 11,251,426 | 6,251,145 | 5,422,654 | 1,669,208 |
| Amortization | 1,916,935 | 1,513,039 | 635,211 | 665,830 |
| Loss from assets impairment | 4,343,979 | | 4,343,979 | |
| Foreign exchange | 37,177 | 423,560 | 112,317 | (57,759) |
| Interest expenses | 71,978 | 86,285 | 23,677 | 35,364 |
| | 36,550,950 | 29,918,448 | 20,157,447 | 12,279,107 |
| Earnings (loss) before income taxes | (15,307,672) | 18,447,370 | (12,001,073) | 10,333,180 |
| Income tax expense | | | | |
| Current | (3,569,375) | 6,290,563 | (2,309,079) | 3,303,590 |
| Future | (1,455,352) | 305,000 | (1,894,312) | 255,000 |
| | (5,024,727) | 6,595,563 | (4,203,391) | 3,558,590 |
| Net earnings (loss) | (10,282,945) | 11,851,807 | (7,797,682) | 6,774,590 |
| Retained Earnings (Deficit), beginning of period | 29,298,743 | 11,125,284 | 26,813,480 | 16,202,501 |
| Retained Earnings, end of period | \$ 19,015,798 | \$ 22,977,091 | \$ 19,015,798 | \$ 22,977,091 |
| Basic earning (loss) per share | \$ (0.56) | \$ 0.71 | \$ (0.43) | \$ 0.40 |
| Fully diluted earnings (loss) per share | \$ (0.56) | \$ 0.70 | \$ (0.43) | \$ 0.39 |

Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

For the Nine-Month Period Ended September 30, 2004 with comparative figures for the Nine-Month Period Ended September 30, 2003, and

the Three-Month Period Ended September 30, 2004 with the comparative figures for the Three-Month Period Ended September 30, 2003

| | 9 months | | 3 months | |
|---|--------------------|---------------------|--------------------|---------------------|
| | September 30, 2004 | September 30, 2003 | September 30, 2004 | September 30, 2003 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| | | (Restated - Note 2) | | (Restated - Note 2) |
| CASH PROVIDED BY (USED IN): | | | | |
| Operations | | | | |
| Net earnings (loss) | \$ (10,282,945) | \$ 11,851,807 | \$ (7,797,682) | \$ 6,774,590 |
| Items not involving cash: | | | | |
| Amortization | 1,916,935 | 1,513,039 | 635,211 | 665,830 |
| Equity investment loss | 128,193 | - | 61,593 | - |
| Write down of investment | (47,380) | - | (47,380) | - |
| Stock-based compensation | 489,948 | 1,123,376 | 151,830 | 22,026 |
| Shares issued for services rendered | - | 2,840 | - | - |
| Kirkland Lake assets and permits | 4,343,979 | - | 4,343,979 | - |
| Future income taxes | (1,455,352) | 305,000 | (1,894,312) | 255,000 |
| Changes in operating working capital: | | | | |
| Deferred revenue | (814,409) | - | - | - |
| Accounts receivable | 7,065,349 | (13,986,668) | 901,242 | (10,328,977) |
| Income Taxes receivable | (3,569,375) | - | (2,333,787) | - |
| Work-in-progress | 151,893 | 37,530 | 37,973 | (105,822) |
| Prepaid expenses and other | (650,831) | (349,968) | 339,925 | 913,672 |
| Note Receivable | (300,000) | - | (300,000) | - |
| in Accounts payable and accrued liabilities | (2,398,365) | (936,984) | 3,395,309 | 1,274,482 |
| Income taxes payable | (2,961,632) | (1,655,431) | - | 3,343,176 |
| | (8,383,992) | (2,095,459) | (2,506,099) | 2,813,977 |
| Investments: | | | | |
| Investments | - | - | - | - |
| Purchase of capital assets | (23,982,053) | (4,253,107) | (5,661,662) | (802,640) |
| Increase in other assets | (1,143,454) | (1,449,463) | (389,410) | (893,192) |
| | (25,125,507) | (5,702,570) | (6,051,072) | (1,695,832) |
| Financing: | | | | |
| Repayments of long-term debt | (111,910) | (631,531) | (2,951) | (108,408) |
| Increase in long-term debt | - | - | - | - |
| Share capital, issued for cash | 26,642,180 | 1,634,365 | 226,762 | 957,525 |
| Repurchase of share capital | - | - | - | - |
| | 26,530,270 | 1,002,834 | 223,811 | 849,117 |
| Decrease in cash and cash equivalents | (6,979,229) | (6,795,195) | (8,333,360) | 1,967,262 |
| Cash and cash equivalents, beginning of period | 12,586,353 | 19,267,639 | 13,940,484 | 10,505,182 |
| Cash and cash equivalents, end of period | \$ 5,607,124 | \$ 12,472,444 | \$ 5,607,124 | \$ 12,472,444 |
| Supplementary disclosure of cash flow information: | | | | |
| Cash paid for: | | | | |
| Interest paid | 57,293 | 23,582 | 27,175 | 5,861 |



For Immediate Release

Income taxes paid

1,073,454

7,985,580

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