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MFRI TO ACQUIRE 100% OWNERSHIP OF BAYOU PERMA-PIPE CANADA

Acquisition Will Diversify Perma-Pipe's Operations in North America and Expand Core Competencies

NILES, IL, January 4, 2016 -- MFRI, Inc. (NASDAQ: MFRI) today announced that its Perma-Pipe subsidiary has signed a purchase agreement with its joint venture partner Aegion Corporation to acquire 100% ownership of Bayou Perma-Pipe Canada (BPPC), a coating and insulation company in Alberta, Canada. Perma-Pipe has owned a 49% interest in BPPC since 2009, when the joint venture was formed with Aegion to serve the oil and gas industry in Western Canada.

MFRI CEO Bradley Mautner commented, "This is an important step for MFRI, enabling us to take advantage of an opportunity to adjust our business portfolio towards piping and position ourselves for increased activity in North America. Although conditions in the oil and gas industry are currently challenging and may remain so for some time, BPPC has generated significant revenue from anti-corrosion coating for the western Canadian oil sands markets and is a highly regarded and well established provider of those products. In addition, we believe the acquisition creates an excellent platform for us to expand our insulation business in promising markets such as mining and district heating and cooling and freeze protection for utilities in Northern Canada."

Fati Elgendy, president of Perma-Pipe, noted, "This acquisition gives Perma-Pipe sole ownership of a first-rate coating plant that provides Fusion Bonded Epoxy, Three Layer Coat and other specialty coatings. Equally important, it represents an opportunity to diversify Perma-Pipe's operations in North America and bring our best-in-class insulation offerings to that market. We also plan to use the Canadian plant to more competitively serve the district heating and cooling market in the Northwestern United States."

Mr. Elgendy continued, "We are pleased that BPPC's President Randy Zilli together with his management team and employees will join Perma-Pipe. We look forward to continuing to work with this very experienced and accomplished organization to further grow Perma-Pipe."

The transaction is subject to customary closing conditions and is expected to close in the first quarter of 2016. The purchase price of approximately $9 million will be paid in cash at closing and is subject to certain post-closing adjustments. At the closing BPPC will be renamed Perma-Pipe Canada.

MFRI, Inc.

MFRI, Inc. manufactures pre-insulated specialty piping systems for oil and gas gathering, district heating and cooling as well as other applications. The Company also manufactures custom-designed industrial

filtration products to remove particulates from air and other gas streams. In total, MFRI has operations at 10 locations in six countries.

Forward-Looking Statements

Statements and other information contained in this announcement that can be identified by the use of forward-looking terminology constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbors created thereby, including, without limitation, statements regarding the expected future performance and operations of the Company. These statements should be considered as subject to the many risks and uncertainties that exist in the Company's operations and business environment. Such risks and uncertainties include, but are not limited to, the project nature of the business, the increasing international nature of the business, economic conditions, market demand and pricing, competitive and cost factors, raw material availability and prices, global interest rates, currency exchange rates, labor relations and other risk factors.