

# BRI-CHEM CORP.

Press Release 2010 - 10  
For Immediate Release  
TSX Venture Exchange  
Symbol "BRY"



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## BRI-CHEM CORP. ANNOUNCES SECOND QUARTER RESULTS

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**Edmonton, Canada, August 30, 2010 – Bri-Chem Corp. (“Bri-Chem” or the “Company”)** (TSX Venture Exchange: **BRY**) a leading Canadian wholesale distributor of oil & gas drilling fluids, steel pipe and piping products announced today its results for the second quarter ended June 30, 2010. As in the past, the oil and gas industry experiences lower drilling activity during the spring break up period, however, the second quarter of 2010 saw an 8.7% increase in drilling rig utilization rates compared to the second quarter of 2009. Despite the modest increase in drilling activity, Bri-Chem continued its strong improvement with a 119% increase in revenue over the comparable quarter in 2009.

Consolidated revenues were \$22,193,633 for the second quarter of 2010 as compared to \$10,118,467, an increase of 119.3% over the second quarter of 2009. Net earnings increased by 104.9% to \$41,921 or \$0.00 diluted earnings per share as compared to a loss of \$(847,643) or \$(0.06) diluted loss per share from the same period last year. Earnings before interest, taxes, amortization, and stock-based compensation (“EBITDAC”) was \$712,391 or \$0.05 per share for the three months ended June 30, 2010, an increase of \$964,251 or 382.9% compared to the same period last year.

Consolidated revenues for the six months ended June 30, 2010 were \$66,158,459, an increase of 63.5% when compared to \$40,455,569 from the same period in 2009. Net earnings from operations for the six months ended June 30, 2010 are \$2,580,769 or \$0.18 diluted earnings per share compared to \$12,340 or \$0.00 diluted earnings per share for the same period last year. EBITDAC was \$4,938,783 or \$0.36 per share, an increase of \$2,739,805 or 124.6% compared to the same period last year.

The fluids division had sales of \$14,484,918 and \$47,606,990, increases of 110.9% and 106.4% respectively for the three and six months ended June 30, 2010 compared to the same periods in 2009. Drilling rig utilization rates averaged 19.4% for the second quarter and 36.5% for the first half of 2010, an increase of 8.7% and 12.6% respectively from the same period last year, when utilization rates averaged 10.7% and 23.9%. Alberta and Saskatchewan markets continue to be strong, while British Columbia continues to focus on the unconventional resource plays in the northern region of the province. With all Western Canadian regions increasing their drilling activity, the demand for fluids has provided significant sales increases for the first half of the year.

The steel division has produced sales of \$7,708,715 and \$18,551,470 for the three and six months ended June 30, 2010, an increase of 137.2% and 6.7% respectively over the comparable period in 2009. The steel products division sells primarily to the oil and gas industry and demand for carbon seamless pipe and tubing and casing continues to see improvement as drilling activity has improved over the past two quarters. North America inventories have been reduced to levels that have resulted in companies starting to conservatively purchase product again. As drilling activity levels continue to improve from depressed levels in 2009, demand for Bri-Chem’s steel products will increase.

### Outlook

Market indicators are forecasting a continued recovery from the low drilling activity levels of 2009. The drilling activity in the second half of 2010 is anticipated to improve by approximately 42% over the second half of 2009, which will drive the demand for Bri-Chem’s fluid and steel products. Steel commodity prices have stabilized in recent months, which are expected to result in improved margins over the medium term. Management will continue with its inventory management initiative, which is to maintain reasonable levels of inventory while continuing to service customers with timely delivery of products. Management anticipates

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drilling activity in Q3 and Q4 2010 to continue to show improvement, which will lead to revenue, EBITDAC and earnings improvement for the remainder of fiscal 2010.

### **About Bri-Chem**

Bri-Chem is a wholesale distributor of drilling fluids and steel products and services to the oil & gas and construction industries. Bri-Chem provides over 150 domestic and foreign drilling fluid products to customers throughout Alberta, British Columbia and Saskatchewan, and distributes drill pipe, carbon steel welded pipe, carbon steel seamless pipe, stainless steel welded pipe, stainless steel seamless pipe, tubing and casing, galvanized steel products as well as fittings and flanges. Bri-Chem's customers operate in a wide range of industries, including oil & gas, manufacturing, forestry, agriculture, construction and mining.

### **Forward Looking Statements**

Certain statements contained in this press release, including statements which may contain words such as "could", "should", "expect", "anticipate", "believe", "will", and similar expressions and statements relating to matters that are not historical facts are forward looking statements. Such forward looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Bri-Chem to be materially different from any future results, performances or achievements expressed or implied by such forward looking statements. Such factors include, but are not limited to, fluctuations in oil and gas activity levels, political and economic conditions, and the demand for products provided by Bri-Chem.

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