

# BRI-CHEM CORP.

Press Release 2010 - 12  
For Immediate Release  
TSX Venture Exchange  
Symbol "BRY"



## BRI-CHEM CORP. REVENUE UP 60% IN THIRD QUARTER 2010

Edmonton, Canada, November 2, 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 third quarter ended September 30, 2010. During a year of moderate increases in drilling activity, Bri-Chem has continued to gain market share with a substantial increase in customer demand. The oil and gas drilling activity in the third quarter of 2010 experienced a 20% increase in drilling rig utilization rates compared to the third quarter of 2009 while Bri-Chem’s revenues rose by 61% and net earnings were up over 135%.

“Our third quarter results demonstrate the exceptional growth potential of Bri-Chem” said Don Caron, President and Chief Executive Officer of Bri-Chem. “Our underlying businesses generated strong net earnings and cash flows, despite the effect of wet weather late in the third quarter. Our outlook for the fourth quarter of 2010 remains exceptionally strong as a result of pent-up demand for oil and gas drilling fluids and tubing and casing steel products. We are well-positioned in the sector as we enter what is expected to be very busy fourth quarter for us.”

Consolidated revenues were \$38,484,673 for the third quarter of 2010 as compared to \$23,965,481 for the third quarter of 2009, an increase of 60.6%. Net earnings increased by 134.4% to \$2,263,699 or \$0.16 diluted earnings per share as compared to a loss of (\$6,582,873) or (\$0.45) diluted loss per share from the same period last year. Earnings before interest, taxes, amortization, and stock-based compensation (“EBITDAC”) was \$3,829,661 or \$0.28 per share for the three months ended September 30, 2010, an increase of \$3,473,636 or 976% compared to the same period last year.

Summary of Consolidated Financial Results	For the three months ended September 30		For the nine months ended September 30	
	2010	2009	2010	2009
Sales	\$ 38,484,673	\$ 23,965,481	\$ 104,643,132	\$ 64,421,050
EBITDAC <sup>(1)</sup>	3,829,661	356,025	8,768,444	2,555,001
Net earnings (loss)	\$ 2,263,699	\$ (6,582,873)	\$ 4,842,058	\$ (6,570,533)
<b>Earnings (loss) per share</b>				
Basic & Diluted	\$ 0.16	\$ (0.45)	\$ 0.35	\$ (0.45)
<b>EBITDAC per share</b>				
Basic & Diluted	\$ 0.28	\$ 0.02	\$ 0.63	\$ 0.18

(1) Represents earnings before interest, taxes, depreciation, amortization and stock-based compensation (a non-GAAP measure).

Consolidated revenues for the nine months ended September 30, 2010 were \$104,643,132, an increase of 62.4% when compared to \$64,421,050 from the same period in 2009. Net earnings for the nine months ended September 30, 2010 are \$4,842,058 or \$0.35 diluted earnings per share compared to a loss of (\$6,570,533) or (\$0.45) diluted loss per share for the same period last year. EBITDAC was \$8,768,444 or \$0.63 per share, an increase of \$6,213,443 or 243.2%

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compared to the same period last year.

The fluids division had sales of \$31,707,155 and \$79,314,144, increases of 90.5% and 99.7% respectively for the three and nine months ended September 30, 2010 compared to the same periods in 2009. Drilling rig utilization rates averaged 40.5% for the third quarter and 37.9% for the nine months ended September 30, 2010, an increase of 19.9% and 15.0% respectively from the same period last year, when utilization rates averaged 20.6% and 22.8%. As non-conventional drilling continues to increase and drilling activity improves from the lows of 2009, the fluids division is expected to experience increased demand for its products, particularly as the winter drilling season is approaching.

The steel division has produced sales of \$6,777,518 and \$25,328,988 for the three and nine months ended September 30, 2010, a decrease of 7.4% and an increase of 2.5% 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. Demand for certain steel pipe products has started to increase, however the market is still operating cautiously as there still remains some uncertainty in steel commodity prices. As drilling activity levels continue to improve from depressed levels in 2009, demand for Bri-Chem's steel products is expected to increase.

#### **Outlook**

The drilling activity in the fourth quarter of 2010 is anticipated to improve by approximately 29% over the fourth quarter of 2009, which will continue to drive demand for Bri-Chem's drilling fluid products. The demand for steel pipe products is improving as steel commodity prices continue to stabilize over the medium term. The steel pipe market is nearing completion of its 2009 inventory destocking process and companies are now seeking to replenish inventory levels with new product purchases. Management anticipates drilling activity in Q4 of 2010 and Q1 of 2011 to marginally improve over what we experienced over the third quarter of 2010, which should 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.

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### **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.

To receive Company news updates send your email to [ir@brichem.com](mailto:ir@brichem.com).

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