

## **BRI-CHEM CORP.**

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For Immediate Release  
TSX Venture Exchange  
Symbol "BRY"



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### **BRI-CHEM CORP. ESTABLISHES VALUE-ADDED MANUFACTURING DIVISION FOR LARGE DIAMETER SEAMLESS STEEL PIPE**

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**Edmonton, Canada, January 10, 2011 – Bri-Chem Corp. (“Bri-Chem”)** (TSX Venture Exchange: **BRY**) a leading Canadian wholesale distributor of oil & gas drilling fluids, steel pipe and piping products is pleased to announce that it has ratified an agreement with Wuxi Huayou Special Steel Co., Ltd, (“Wuxi”) of the People’s Republic of China, to jointly establish a new operating company, Bri-Steel Manufacturing Inc. (“Bri-Steel”), that will provide value-added manufacturing of large diameter seamless steel pipe located in Edmonton, AB, Canada.

Terms of the arrangement have Bri-Chem owning 70% of the voting common shares of Bri-Steel and Wuxi owning 30%. Bri-Chem has agreed to advance approximately \$1 million of working capital and support initial inventory financing as required and provide Bri-Steel with sales and marketing personnel. Wuxi will contribute all the necessary equipment, training, installation and engineering. The equipment contribution by Wuxi will be in exchange for \$2.1 million non-voting preferred shares that will be issued to Wuxi.

The manufactured pipe will range in outside diameter from 14” to 36” and will be manufactured from carbon steel using a Thermal Pipe Expansion (TPE) process that heats the steel tubes while being pushed by a horizontal hydraulic press over a mandrel, thereby expanding the pipe. The steel pipe is then finished by lacquering and stenciling and is put through a series of tests to ensure it meets industry specifications. The TPE process has been utilized for producing large diameter steel pipe for several years in China and Bri-Steel will be the first to introduce TPE production and testing in North America. The Edmonton operation is expected to be in the commissioning phase starting in February 2011 with light production beginning in April 2011.

It is also agreed that, at any time after Wuxi has been repaid their initial capital contribution of \$2.1 million by way of redemption of their preferred shares in Bri-Steel, Bri-Chem has the option to acquire all of Wuxi’s shares held in Bri-Steel at a purchase price equal to two (2) times the initial capital contributed by Wuxi.

#### **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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