

## **BRI-CHEM CORP.**

Press Release 2011 - 14

For Immediate Release

TSX Symbol "BRY"



---

### **BRI-CHEM CORP. ANNOUNCES SECOND QUARTER RESULTS**

---

**Edmonton, Canada, August 16, 2011 – Bri-Chem Corp. ("Bri-Chem") (TSX: BRY),** a leading North American wholesale distributor of oil and gas drilling fluids, steel pipe and piping products announced today its financial results for the second quarter of 2011. Bri-Chem's consolidated revenues increased 16.1% in the second quarter of 2011 to \$25,770,316 and increased 15.5% year to date to \$76,417,804 compared to the prior year comparable periods. Gross margin for the quarter increased 39.0% over the prior comparable period and 27.0% for the year to date. Earnings before interest, taxes, amortization, and stock-based compensation were \$1,434,502 or \$0.09 per share basic and diluted for the second quarter, an increase of \$0.04 per share basic and diluted over Q2 2010. Net earnings were \$527,098 for the quarter and \$3,242,775 for the first half of 2011 as compared to a loss of (\$15,704) and earnings of \$2,665,882 respectively for 2010.

The fluids division recorded quarterly sales of \$18,239,169 and \$61,576,005 for the six months ended June 30, 2011, compared to \$14,484,918 and \$47,606,990 respectively in the previous comparable periods. This represents an increase of 25.9% and 29.3% respectively over 2010. Drilling rig utilization averaged 24.0% for the quarter as compared to 19.4% in the prior year. Year to date rig utilizations have increased 9.4% over prior year. This increase in utilization directly correlates with an increase in sales for the fluids division given the large market share the Company holds. Drilling activity levels remained high for the quarter and non-conventional drilling remains dominant in the Western Canadian Sedimentary Basin, resulting in an increase in demand for fluid products.

The Company purchased all the ownership interests of both Stryker Ltd. a fluids wholesale distribution business, and Stryker Transportation, Ltd., a transportation and long-haul business on June 1, 2011. This acquisition provides the Company access to new geographic locations in the US and has added additional revenues of \$597,108 with margins of 32.4% for the one month of operations ended June 30, 2011.

The steel division recorded sales of \$7,393,207 for the three months ended June 30, 2011, consistent with sales of \$7,708,715 in the second quarter of 2010. The steel division concentrated its sales efforts on seamless pipe during the first half of 2011. The Company is seeing a return to more historical margins of 15.0%-20.0% on sales from those experienced in 2009 and 2010. The Company recorded additional overhead costs of \$208,059 in the second quarter and \$404,978 year to date in 2011 related to the setup of the large diameter steel pipe manufacturing facility, for which no income has been recorded to date.

#### **Outlook Summary**

In the second half of 2011, Bri-Chem is optimistic it will continue to grow its revenues and earnings in all divisions as drilling activity continues to improve over 2010. With a

forecasted 25.6% increase in drilling activity for the third quarter in the WCSB, Bri-Chem's fluids division in Canada is anticipating a continued demand for its products. The Company's large diameter steel pipe manufacturing facility will begin light production in the third quarter and the steel distribution division is on track to experience margins similar to the second quarter as inventories are now being replenished with more favourably costed products. The US drilling fluids division will be seeking to grow through adding new sales personnel and securing additional strategic geographic warehouses in an effort to service the increasing demand for drilling fluids in the US. In addition, Bri-Chem continues to evaluate integrated acquisition opportunities that will enhance profitability and provide geographic diversity.

## **About Bri-Chem**

Bri-Chem is a wholesale distributor of drilling fluids, steel pipe and piping products to the oil and gas industry in North America. Bri-Chem provides over 350 drilling fluid products and is a custom blender of cementing, acidizing and fracturing additives and distributes Oil Country Tubular Goods (OCTG), carbon steel welded and seamless fluid and gas transmission pipe. Additional information about Bri-Chem is available at [www.sedar.com](http://www.sedar.com) or at Bri-Chem's website at [www.brichem.com](http://www.brichem.com).

## **Forward Looking Statements**

Certain information set forth in this news release contains forward-looking statements or information ("**forward-looking statements**"), 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. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, environmental risks, demand for oilfield services for drilling and completion of oil and natural gas wells; volatility in market prices for steel, oil, natural gas, and natural gas liquids and the effect of this volatility on the demand for oilfield services generally, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal and external sources. Although the Company believes that the expectations in our forward-looking statements are reasonable, our forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward looking information. As such, readers are cautioned not to place undue reliance on the forward looking information, as no assurance can be provided as to future results, levels of activity or achievements. The risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in our Annual Information Form and other documents available at [www.sedar.com](http://www.sedar.com). Furthermore, the forward-looking statements contained in this document are made as of the date of this document and, except as required by applicable law, the Company does not undertake any

obligation to publicly update or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

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

For further information, please contact:

**Jason Theiss**

**Bri-Chem Corp.**

CFO

T: (780) 455 8667 x237

E: [jtheiss@brichem.com](mailto:jtheiss@brichem.com)

*Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.*