

## BRI-CHEM CORP.

Press Release 2011 - 17

For Immediate Release

TSX Symbol "BRY"



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### BRI-CHEM CORP. ANNOUNCES THIRD QUARTER RESULTS

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**Edmonton, Canada, November 14, 2011 –** Bri-Chem Corp. (“Bri-Chem”) (TSX: BRY), a leading North American wholesale distributor and manufacturer of oil and gas drilling fluids, steel pipe and piping products announced today its third quarter results for the period ended September 30, 2011. Bri-Chem achieved record revenue and EBITDAC during Q3 2011 of \$61.1 million and \$6.3 million, respectively, as the Company continues to experience strong demand for its drilling fluid products in western Canada and US operating regions. Activity levels have sustained through early Q4 2011 in both regions, with the busy winter drilling season about to begin in Western Canada.

Consolidated revenues increased 58.9% in the third quarter of 2011 to \$61,135,841 and increased 31.5% year to date to \$137,553,645 compared to the prior year comparable periods. Net earnings were \$3,961,767 or \$0.24 fully diluted earnings per share for the quarter and \$7,030,977 or \$0.45 fully diluted earnings per share for the nine months ended September 30, 2011 as compared to net earnings of \$2,347,758 and \$5,013,639 respectively for 2010. Gross margin for the quarter increased 79.6% over the prior comparable period and 46.8% for the year to date over the prior comparable period. Earnings before interest, taxes, amortization, and share-based payments were \$6,346,580 or \$0.39 per share basic and \$0.38 per share diluted for the third quarter, an increase of \$0.11 per share basic and \$0.10 per share diluted over Q3 2010.

The fluids division recorded quarterly sales of \$53,532,344 and \$115,108,414 for the three and nine months ended September 30, 2011, compared to \$31,707,155 and \$79,314,144 respectively in the previous comparable periods. This represents an increase of 68.8% and 45.1% respectively over 2010. Drilling rig utilization averaged 56.8% for the quarter as compared to 40.5% in the prior year. Year to date rig utilizations have increased 11.7% over prior year. This increase in utilization has driven the increase in drilling fluid sales as the customers that the Company services have continued to have a significant market presence. Non-conventional horizontal drilling has become the standard in Western Canada, which has resulted in more complex drilling programs which drives the demand for our drilling fluid products.

The Company’s US drilling fluids and transportation divisions, acquired on June 1, 2011, generated revenues of \$1,517,459 and \$439,613 respectively with margins of 19.5% for the three month of operations ended September 30, 2011. The division expanded its fleet with the addition of two truck and trailer units to help service the demand for drilling fluid products in regions of the US.

The steel division recorded sales of \$7,113,018 for the three months ended September 30, 2011, an increase of 5.0% compared to the third quarter of 2010. The steel division has recovered from pricing pressures experienced in the past two years. The division is now sustaining margins of approximately 16%. The Company commenced operations of its large diameter seamless pipe mill late in Q3 2011 and generated sales of \$182,225. These revenues represent a significant milestone for the Company as the manufacturing process employed to produce the steel pipe is the first of its kind to operate in North America. The large diameter seamless steel pipe produced during the commissioning phase exceeded management quality expectations and was validated by certain of the Company’s customers. The Company expects to increase production in the fourth quarter of 2011 and beyond.

## **Outlook Summary**

As the busy winter drilling season approaches, Bri-Chem remains optimistic that drilling activity levels will continue to improve over the fourth quarter of 2010. This improvement will lead to increases in revenues and earnings in all divisions for the fourth quarter. With a forecasted 16.4% increase in drilling activity for the fourth 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 completed its testing phase in the third quarter and is now concentrating on increasing production and securing sales for 2012. The US drilling fluids division has added sales personnel to assist with meeting the needs of customers. We believe increased sales presence and further geographic expansion will allow the division to gain market share and increase sales and profitability. In addition, Bri-Chem continues to evaluate integrated acquisition opportunities that will enhance profitability and provide geographic diversity.

## **About Bri-Chem**

Bri-Chem distributes, blends, and manufactures 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 chemical additives and distributes and manufactures carbon steel 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).

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