



Press Release 2012 - 6
For Immediate Release
TSX
Symbol "BRY"

BRI-CHEM ANNOUNCES FIRST QUARTER RESULTS

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Edmonton, Canada, May 15, 2012 – Bri-Chem Corp. (“Bri-Chem” or “Company”) (TSX Exchange: **BRY**) a leading North American wholesale distributor and manufacturer of oil and gas drilling fluids and steel pipe is pleased to announce its financial results for the first quarter ended March 31, 2012.

During the first quarter of 2012, Bri-Chem generated consolidated sales of \$52,566,448 an increase of 3.8% for the quarter compared to \$50,647,489 from the prior year. Net earnings increased by 9.9% to \$2,893,604 or \$0.18 diluted earnings per share in the same period compared to net earnings of \$2,632,453 or \$0.18 diluted earnings per share for 2011. The Company had additional weighted average number of shares in the quarter of 2,075,416 which resulted in the dilution of EPS of \$0.02 for the first quarter of 2012 compared to the first quarter of 2011. Earnings before interest, taxes, amortization and share-based payments expense (“EBITDAC”) were \$5,300,445 or \$0.30 per share for the three months ended March 31, 2012, an increase of \$900,657 compared to same period in 2011.

The North American oil and gas drilling fluids division recorded sales of \$43,425,910, an increase of 0.2% for the three months ended March 31, 2012, compared to the same periods in 2011. In Canada, drilling rig utilization averaged 67.7% for the first quarter which was relatively consistent with the same period last year when utilization rates averaged 67.8%, however the number of wells drilled declined by 8.6% to 3,377 in Western Canada compared to 3,696 for the same quarter in 2011. The current price of natural gas had an adverse affect on the drilling activity levels in certain regions in Western Canada, which affects the demands for drilling fluid products. The Petroleum Services Association of Canada (PSAC) has forecasted 13,150 wells to be drilled in Canada for 2012, an increase of 2.3% over 2011. The Company is cautiously optimistic that activity levels will remain consistent with those of 2011.

The Company’s USA drilling fluids and transportation subsidiaries, acquired on June 1, 2011, generated sales of \$2,928,282 for the quarter ended March 31, 2012. During the quarter, these subsidiaries focused on expanding Bri-Chem’s market presence with increased inventories and sales personal to help service the demand for drilling fluid products in regions of the USA. These efforts resulted in new sales growth and broader territorial coverage.

The steel pipe distribution division recorded sales of \$6,976,112 for the three months ended March 31, 2012, compared to sales of \$7,310,652 for the same period in 2011. The division concentrated on seamless pipe sales which yielded better margins at 15.1% for the quarter ended March 31, 2012, compared to 12.3% in same comparable period of 2011. The focus of this division, for fiscal 2012, is to provide seamless and welded pipe products to the oil and gas and mechanical industries in Canada.

Late in the third quarter of 2011, the Company commenced operations of its large diameter seamless pipe manufacturing facility. After building in numerous process efficiencies and fine-tuning and testing of the equipment throughout the fourth quarter, the Company increased its production in January 2012. As a

result, the steel pipe manufacturing division recorded sales of \$2,034,247 for the three months ended March 31, 2012 (March 31, 2011 - \$Nil). The majority of the steel pipe manufacturing sales were to customers in the USA which yielded margins of 27.6% during the quarter.

Outlook Summary

Canadian drilling activity, for remainder of 2012, is forecasted to remain consistent with those of 2011 which will allow our core business to remain steady. The Company will concentrate on maintaining its dominate position through strong customer service in Canada while looking to expand its sales and profitability in its USA drilling fluids and steel pipe manufacturing divisions. Bri-Chem anticipates fiscal 2012 sales and earnings will continue to grow as the Company is gaining market presence in the USA drilling fluids market as well as increasing manufacturing production of its large diameter seamless pipe mill. Canadian drilling activity in the second quarter of 2012 is expected to be similar to that of second quarter of 2011, as Canadian spring break up will impact drilling fluid demand in Canada. The USA fluids division will continue to grow inventory levels and seek additional geographic warehouse locations to pursue becoming the dominate national independent wholesaler of drilling fluids. We believe further geographic expansion will allow the division to gain market share and increase sales and profitability. The Company's steel pipe distribution division will manage its inventories and continue to provide a vast array of seamless and welded steel pipe to service customer demands. The Company's large diameter steel pipe manufacturing mill is currently in production with one full shift operating four days a week. The division will seek to add a second full shift in later half of the second quarter to increase production capacity for the balance of fiscal 2012 and beyond. Bri-Chem also continues to evaluate North American integrated acquisition opportunities that will enhance profitability and provide geographic diversity.

About Bri-Chem

Since our formation in 1985, Bri-Chem has established two primary segments of business through a combination of internal growth and acquisitions: Bri-Chem's Drilling Fluid Division is North America's largest independent wholesale supplier of drilling fluids for the oil and gas industry. We provide over 350 critical drilling fluid products, cementing, acidizing and stimulation additives from 25 strategically located warehouses throughout Canada and the United States; Bri-Chem's Steel Pipe Division is one of only two companies in North America that can manufacture and supply large diameter seamless steel pipe for the energy industry. Bri-Chem is the first company to introduce Thermal Pipe Expansion (TPE) and testing in North America. Additional information about Bri-Chem is available at www.sedar.com or at Bri-Chem's website at 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. 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.

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