



Press Release 2013 - 3  
For Immediate Release  
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## BRI-CHEM ANNOUNCES Q4 AND YEAR END RESULTS

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**Edmonton, Canada, March 29, 2013 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: 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 fourth quarter and the year ended December 31, 2012.

Since the first quarter of 2012, unstable macroeconomic factors and uncertain commodity prices contributed to lower drilling and completion activity across the Western Canadian Sedimentary Basin ("WCSB"). Despite the reduced overall 2012 drilling activity, Bri-Chem's consolidated revenues only modestly decreased 14.0% to \$160,068,060 for the year ended December 31, 2012, compared to \$186,125,404 from the prior year. Net earnings in 2012 were \$4,892,520 or \$0.31 diluted earnings per share compared to net earnings of \$9,462,267 or \$0.61 diluted earnings per share for 2011, a decrease of 49.4%. Earnings before interest, taxes, amortization and share-based payments expense ("EBITDAC") were \$10,550,796 or \$0.61 per share, a decrease of \$5,843,829 (35.65%) compared to 2011.

Consolidated revenues were \$39,514,976 in the fourth quarter of 2012, compared to \$48,169,674 for the same period in 2011. Net earnings in the fourth quarter were \$1,330,141 or \$0.06 diluted earnings per share compared to \$2,431,287 or \$0.16 diluted earnings per share during the same period last year. During the three months ended December 31, 2012, EBITDAC was \$2,964,507 or \$0.17 per share, a decrease of \$1,240,419 or 29.5% over the same period in 2011.

The Company's North American oil and gas drilling fluids division recorded sales of \$29,419,513 and \$118,745,813 for the three and twelve months ended December 31, 2012, a decrease of 29.6% and 24.3% respectively compared to the same periods in 2011. In Canada, drilling rig utilization averaged 43.6% for the fourth quarter and 43.6% for the year ended December 31, 2012, a decrease of 17.1% and 8.7% respectively from last year when utilization rates averaged 60.7% and 52.3%. The Canadian fluids division generated sales of \$24,916,134 and \$99,641,313 for the three and twelve months ended December 31, 2012, compared to sales of \$38,844,681 and \$151,677,999 over the same comparable period in 2011. The decrease in Canadian fluid sales was mainly due to the decrease in the number of wells drilled in 2012 and a sharp decline in liquid invert sales from two of the Company's largest customers. On November 30, 2012, the Company purchased the assets of Kemik Inc., a Calgary based proprietary cementing additives blender and packager which is expected to enhance the Company's presence for cementing sales throughout North America.

Bri-Chem's drilling fluids market presence in the USA has now expanded to fourteen warehouses after the December 31, 2012 acquisition of General Supply Company and its three key Oklahoma warehouse locations. This recent acquisition is a complementary addition to our strategy of pursuing to become the dominant independent national wholesale supplier of drilling fluids in the United States. The Company's USA drilling fluids division, acquired on June 1, 2011, generated revenues of \$19,104,500 for the year ended December 31, 2012 compared to seven months sales of \$5,246,610 in 2011, representing a 264.1% increase. Fourth quarter sales were \$4,503,379 compared to \$2,971,577 an increase of 51.5%. Drilling activity in the USA was down approximately 11.3% in 2012 compared to the prior year.

The steel pipe distribution division recorded sales of \$3,959,550 and \$25,830,959 respectively for the three and twelve months ended December 31, 2012, compared to revenues of \$5,044,501 and \$27,263,397 for the same periods in 2011. The decline in sales for the quarter was mainly due to lower overall oil and gas drilling activity, however, margins continued to be strong at 29.1% for the quarter. The steel pipe division will continue to concentrate on providing superior customer service, with the appropriate quantities and sizes of steel pipe to meet the demand of its customers.

Throughout 2012, the steel pipe manufacturing division built a number of efficiencies and redundancies to its manufacturing process, which resulted in increased production output. In Q4, the division completed a key capital project which equipped a conveyor system that provides less handling of the material in and out of the production facility. Also during the fourth quarter, the steel pipe manufacturing division progressed to a second full production shift which is now producing 24 hours a day, 4 days a week. With the efficiencies and increased production, the division achieved sales of \$6,099,245 and \$14,777,932 for the three and twelve months ended December 31, 2012 respectively compared to sales of \$992,090 and \$1,174,315 for the same comparable periods in 2011. The steel pipe manufacturing division will continue to review and improve manufacturing efficiencies during production ramp up.

## **Outlook Summary**

After experiencing the industry slowdown in the latter half of 2012, activity in early 2013 has increased and demand for Bri-Chem's drilling fluid products and services is stronger than the fourth quarter of 2012. The Petroleum Services Association of Canada (PSAC) has forecasted 11,499 wells to be drilled in Western Canada for 2013, a forecasted increase of 3.1% over 2012. That being said, the 2013 winter drilling season in the WCSB saw drilling rig activity levels down approximately 10% from the start of the 2012 season. However, drilling activity has improved to a 4% reduction from the prior year by the end of February 2013. The strength of the first quarter is also dependent on the timing of spring breakup. Looking beyond Q1, it is difficult to forecast if demand for oilfield activity will increase as economic concerns are still impacting the stability of commodity prices. Notwithstanding, Bri-Chem will continue to invest into its USA drilling fluid market expansion plan where significant market share is vastly obtainable. As we continue to gain market share, more product and acquisition opportunities become available. With the increased production capacity in the Thermal Pipe Expansion manufacturing facility, our steel manufacturing division is poised to grow its market share, and generate new profits in 2013. Volatile crude oil prices, increasing crude oil price differentials and distribution and pipeline constraints are all factors contributing to exploration and production companies deferring or curtailing 2013 capital spending programs which may reduce or defer small and large diameter steel pipe sales activity for Q1 2013.

## **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 100 drilling fluid products, cementing, acidizing and stimulation additives from 29 strategically located warehouses throughout Canada and the United States; Bri-Chem's Steel Pipe Division is the first company to introduce and construct a Thermal Pipe Expansion (TPE) facility in North America for manufacturing, testing and supply of large diameter seamless steel pipe for the energy industry. 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) 577-0595

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

**Juliet Heading**  
**CHF Investor Relations**

Account Manager

T: (416) 868-1079 x239

E: [juliet@chfir.com](mailto:juliet@chfir.com)

**Cathy Hume**  
**CHF Investor Relations**

CEO

T: (416) 868-1079 x231

E: [cathy@chfir.com](mailto:cathy@chfir.com)

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