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## Bri-Chem Announces Q2 2014 Results

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**Edmonton, Canada, August 13, 2014 – Bri-Chem Corp. (“Bri-Chem” or “Company”) (TSX: BRY)**, a leading North American wholesale distributor and blender of oil and gas drilling fluids is pleased to announce its second quarter results for the three and six month period ended June 30, 2014. During the second quarter of 2014, Bri-Chem announced its intention to sell the ongoing business operations and assets of its steel pipe divisions. The Company completed the sale of its Steel Pipe Manufacturing division and Steel Pipe Distribution division to a USA based steel company effective July 15, 2014. As a result of the sale, the Company will not retain any steel pipe assets or conduct any further steel pipe business operations going forward and has therefore reclassified the associated assets and liabilities of these businesses from assets and liabilities held for sale in Q2 to assets and liabilities related to discontinued operations for all periods presented. Bri-Chem’s business operations, financial and corresponding operating results will now concentrate entirely on its North American leading oil and gas drilling fluids distribution, blending & packaging businesses (“Continued Operations”).

Bri-Chem’s consolidated revenues from Continued Operations during the second quarter increased 73.4% to \$35,185,988 compared to \$20,291,424 from the prior period in 2013. This quarter-over-quarter increase is primarily a result of significant organic sales growth from Bri-Chem’s USA drilling fluids distribution division which experienced sales growth of 76.1%. Despite the traditional Q2 spring breakup and resulting lower drilling activity in Canada, the Company’s Canadian drilling fluids distribution division also grew sales in Q2 by 56.4%. Consolidated revenues for the six months ended June 30, 2014 were \$81,133,207 compared to \$61,816,983 for the comparable period of 2013, an increase of 31.2%. Earnings before interest, taxes, amortization and share-based payments expense (“EBITDA”) was \$932,288 or \$0.04 per share and \$4,886,307 or \$0.20 per share respectively for the three and six month periods ended June 30, 2014, compared to \$998,456 and \$4,837,557 respectively for the same periods in 2013. Net loss for the three month period was \$596,515 or \$0.02 diluted loss per share and net earnings of \$1,124,686 or \$0.05 diluted earnings per share for the six months ended June 30, 2014 as compared to net loss of \$266,517 and net earnings of \$1,529,609 respectively for the same periods in 2013.

Bri-Chem’s Canadian drilling fluids distribution division generated sales of \$11,919,343 and \$38,214,124 for the three and six months ended June 30, 2014, compared to sales of \$7,622,595 and \$36,405,324 over the comparable periods in 2013. The increase in sales was due to the increase in drilling activity during the second quarter of 2014 in Western Canada and better overall weather conditions. The number of wells drilled in Q2 2014 in Western Canada was 1,460, compared to the 1,167 wells drilled in Q2 2013, representing an increase of 25.1% quarter over quarter. Drilling rig utilization rates averaged 24.7% in Q2 2014 compared to 18.4% in Q2 2013, an increase of 6.2%. Year to date rig utilization has increased 4.8% compared to the first half of 2013.

Bri-Chem’s United States fluids distribution division generated sales of \$18,185,066 and \$30,686,122 for the three and six month periods ended June 30, 2014, compared to revenues of \$10,323,809 and \$18,066,409 in the comparable periods of 2013, representing an increase of \$7,861,257 or 76.1% quarter over quarter, while increasing 69.9% year over year. The USA fluids distribution division has continued to see sales growth throughout Q2 2014 as a result of increased industry activity, and product and geographic expansion throughout the major resource plays in the USA. In the USA, the average number of active rigs running during the second quarter was 1,852, an increase of 5.2% quarter over quarter. The division has built a solid infrastructure with personnel and inventory to service the expanding needs of our customers. Colorado, Pennsylvania, Oklahoma, Wyoming and Texas generated the majority of sales in the USA for the three months ended June 30, 2014. At June 30, 2014 Bri-Chem had 17 operating warehouses, compared to 14 warehouses at June 30, 2013. The Company remains focused on expanding

its product offerings as well as expanding into new geographic regions in the USA to meet the increasing demand for drilling fluids from an independent wholesaler.

The Canadian fluids blending and packaging division also continues to grow as the Company generated sales of \$2,783,857 and \$8,293,495 for the three and six months ended June 30, 2014 compared to the comparable prior year period sales of \$2,345,020 and \$7,345,250 representing 18.7% increase quarter over quarter. The division continues to increase market share by utilizing new expanded capacity to meet the increasing demand of our customers. The acquisition of Sun Coast Materials LLC in the third quarter of 2013, our USA fluids blending and packaging division, generated sales of \$2,297,722 and \$3,939,466 for the second quarter of 2014 and six months ended June 30, 2014.

During the three and six months ended June 30, 2014 the Company recorded an impairment expense of \$4,336,245 and \$15,434,501, respectively, to reflect the net assets of the Steel Pipe divisions at their estimated fair value, less costs to sell. Loss from Discontinued Operations was \$2,579,502 and \$12,268,345 for the three and six month periods ended June 30, 2014 respectively (\$777,296 and \$738,718 loss for the three and six month periods ended June 30, 2013).

## **Outlook Summary**

Drilling activity, in accordance with the Petroleum Services Association of Canada (PSAC), is forecasted to increase marginally for the second half of 2014 compared to that of 2013. We are cautiously optimistic that increased drilling activity experienced in late Q2 2014 will continue for the remainder of the year, which will drive sales increases in Canadian drilling fluids distribution as well as Canadian fluid products blending and packaging divisions. PSAC has forecasted 6,534 wells to be drilled in Canada for the second half of 2014, an increase of 5.7% over 2013. PSAC also has forecasted 3,391 wells to be drilled in Canada for the third quarter of 2014, an increase of 5.2% over the third quarter of 2013. In the USA, the number of active rigs running during the first half of 2014 was 1,852, an increase of 5.2% over the first half of 2013. The average rig count for 2014 is expected to increase approximately 5.0% compared to 2013. We believe the increased activity in the USA will drive increased year over year sales and profitability in our fluids division throughout the back half of 2014. Bri-Chem will continue to invest into its USA drilling fluid market expansion plan with the goal of obtaining new market share. As we continue to gain market share in the USA drilling fluids market, more product and acquisition opportunities become available. Bri-Chem will continue to evaluate its opportunities in the USA marketplace for fluids blending and packaging. Throughout 2014, we will examine a number of opportunities that will provide product expansion, while exploring alternatives to enable us to become basic in certain commodities and chemicals.

## **About Bri-Chem**

Since our formation in 1985, Bri-Chem has established 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 distribute a full range of drilling fluid products, cementing, acidizing and stimulation additives from 33 strategically located warehouses throughout Canada and the United States. 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 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.

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