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## BRI-CHEM ANNOUNCES Q1 2014 RESULTS

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**Edmonton, Canada, May 15, 2014 – 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 first quarter results for the period ended March 31, 2014. During the first quarter of 2014, Bri-Chem's consolidated revenues increased to \$52,854,261 compared to \$49,386,190 from the comparable period in 2013. Q1 sales growth continued to be driven by a 61.5% increase in USA drilling fluids distribution sales over the same period in 2013. Bri-Chem's North American drilling fluids distribution and blending divisions recorded combined sales of \$45,947,219 for the three months ended March 31, 2014 compared to sales of \$41,525,559 in 2013, representing an increase of 11% quarter over quarter.

Subsequent to March 31, 2014, and as follow-up to the strategic review of the steel pipe division announced late November 2013, Bri-Chem has entered into a non-binding letter of intent for the sale of its steel pipe manufacturing division assets and ongoing operations. In connection with this transaction, and pursuant to the non-binding letter of intent, the steel pipe manufacturing division has recorded non-cash asset impairment charges, net of the 30% non-controlling interest, of \$7,768,779 in Q1. In addition, the Company is negotiating to sell its steel pipe distribution assets and ongoing operations as part of the overall transaction with the same purchaser. It is Bri-Chem's intention to work towards concluding a purchase and sale transaction for both steel pipe divisions in 2014. As a result of this adjustment for the three months ended March 31, 2014, the Company incurred net loss, not including non-controlling interest, of \$5,084,529 with diluted loss per share of \$0.21 compared to net earnings of \$1,859,851 or \$0.11 diluted earnings per share for the same period in 2013.

Adjusted earnings before interest, taxes, amortization (EBITDA) were \$3,421,045 or \$0.14 per share for the three month period ended March 31, 2014, compared to \$4,525,582 or \$0.26 per share for the same period in 2013. Separating the steel division's financial results from operations, Bri-Chem's adjusted EBITDA for Q1 would have been \$4,100,999 as compared to \$3,989,101 for the same prior year period. As of March 31, 2014, the Company's net book value per share was \$1.90.

Bri-Chem's Canadian drilling fluids distribution division generated sales of \$26,294,781 for the three months ended March 31, 2014, compared to sales of \$28,782,730 over the same comparable period in 2013. The decrease in sales was due to the decline in drilling activity during the first quarter of 2014 in Western Canada. The rig count for Q1 2014 in Western Canada was 3,393 rigs, compared to the rig count for Q1 2013 of 3,540 rigs, representing the decline of 4.2% quarter over quarter.

The USA drilling fluids distribution division recorded sales of \$12,501,056 for the three months ended March 31, 2014, an increase of 61.5% over the same period in 2013. In the USA, the number of active rigs running during the first quarter was 1,780, an increase of 1.3% quarter over quarter. The sales increase is due to the strategic warehouse, inventory and infrastructure investment that continued to be built in 2013. With seventeen warehouses operating in all the major resource plays in the USA, the division will focus on continuing to grow its overall market share.

The Canadian fluids blending and packaging division also continues to grow as the Company generated sales of \$5,509,638 compared to the same prior year period sales of \$5,000,229 representing a 10% increase for the three months ended March 31, 2014. 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 \$1,641,744 for the first quarter of 2014.

The steel pipe distribution division recorded sales of \$3,459,313 for the three months ended March 31, 2014, compared to revenues of \$3,526,946 for the same period in 2013. The steel pipe manufacturing division recorded sales of \$3,447,729 for the three month period ended March 31, 2014, a decrease of 20% over the prior comparable period.

## **Outlook Summary**

The Petroleum Services Association of Canada (PSAC) has forecasted 10,930 wells to be drilled in Western Canada for 2014, a forecasted decrease of 1.3% over 2013. PSAC also has forecasted 1,320 wells to be drilled in Canada for the second quarter of 2014, an increase of 10.5% compared to Q2 2013. During the first quarter of 2014, the USA has been negatively impacted by some adverse weather and field conditions; however, the average rig count year over year is expected to increase approximately 4%. 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 commodity chemicals. We are committed to completing a transaction for the steel pipe divisions over the short term and will continue to manage inventory, costs and production while a transaction is being concluded.

## **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 distribute a full range of drilling fluid products, cementing, acidizing and stimulation additives from 33 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).

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