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## BRI-CHEM ANNOUNCES 2015 FIRST QUARTER RESULTS

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**Edmonton, Canada, May 13, 2015 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY),** a leading North American wholesale distributor and manufacturer of oil and gas drilling fluids is pleased to announce its first quarter financial results for the three months ended March 31, 2015.

During the first quarter of 2015, drilling rig utilization, the number of wells drilled, and well completions, all indicators of oilfield activity, were significantly below the first quarter 2014 comparatives as weak oil and natural gas prices resulted in drastically reduced spending by exploration and production companies which directly impacted oilfield service activity leading to reduced customer demand for products and services.

For Q1 2015, Bri-Chem's consolidated revenues from Continuing Operations decreased 43.0% to \$26,209,726 compared to \$45,947,219 from the prior period in 2014. This quarter-over-quarter revenue decrease is a direct result of the significant decline in overall drilling activity and the mid-February early arrival of the Canadian seasonal downturn in drilling activity. The blending and USA distribution divisions remained relatively resilient, under the circumstances, with a 16.7% and 9.7% quarter over quarter revenue decline respectively. Earnings before interest, taxes, amortization and depreciation, and share-based payments expense ("EBITDA") was \$1,721,103 or \$0.07 per share for the three month period ended March 31, 2015, compared to \$3,954,019 for the same period in 2014. Net earnings for the three month period were \$372,895 or \$0.02 diluted earnings per share as compared to net earnings of \$1,721,201 for the same period in 2014. The adjusted Q1 2015 net earnings, net of after tax Q1 restructuring costs, was \$866,907 or \$0.04 diluted adjusted earnings per share as compared to net earnings of \$1,721,201 for the same period in 2014.

As at March 31, 2015 the Company had positive working capital of \$32,591,357 compared to \$29,448,685 at December 31, 2014. In addition, the Company has announced several initiatives in an effort to "Right-Size" business operations. In Q1 2015 these initiatives resulted in an \$8.5 million reduction of senior operating debt and a \$3 million reduction in inventory since December 31, 2014. These initiatives, as well as various cost cutting initiatives, will continue to be implemented throughout Q2 and will be regularly reviewed throughout the year.

### ***North American Drilling Fluids Distribution Divisions***

Bri-Chem's Canadian drilling fluids distribution division was negatively impacted due to customers utilizing and reducing their existing inventory in preparation for the anticipated slowdown in drilling activity and the earlier than typical seasonal shut down of drilling rigs that began in mid-February, all of which led to extraordinary inventory returns of \$7.3 million for the months of February and March. Canadian distribution sales were \$8,967,569 for the three months ended March 31, 2015, compared to

sales of \$26,294,781 over the comparable period in 2014. In the WCSB, active drilling rigs in the first quarter of 2015 were down approximately 45% over the prior year, averaging 232 compared to 521 for the same period in 2014. WCSB active rigs had declined to 100 by March 31, 2015, 77% lower than the same period in 2014. In the first quarter of 2015, industry drilling utilization rates averaged 36.7%, representing a 27.6% decrease from the same period last year when drilling rig activity averaged 64.3%. The month of March 2015 was particularly slow with a 21.6% average rig utilization compared to 54.0% for March 2014. The number of wells drilled in Q1 2015 in Western Canada was 1,776, compared to the 3,393 wells drilled in Q1 2014, representing a decrease of 47.7% quarter over quarter.

Bri-Chem's United States drilling fluids distribution division generated sales of \$11,287,270 for the three month period ended March 31, 2015, compared to revenues of \$12,501,056 in the comparable period of 2014, representing a decrease of \$1,213,786 or 9.7% quarter over quarter. The decline in revenue is due to a 22.5% reduction in the USA rig count during Q1 as the average number of active rigs running during the first quarter of 2015 was 1,380 compared to 1,780 in the same 2014 quarter.

### ***North American Drilling Fluids Blending & Packaging Divisions***

Bri-Chem's Canadian fluids blending and packaging division experienced an 18.4% revenue decline as the division generated sales of \$4,495,420 for the three months ended March 31, 2015 compared to the same prior year period sales of \$5,509,638. As discussed above, this decrease is due to considerable decline in drilling activity in Q1 2015 resulting from the significant decrease in crude oil and natural gas prices.

Bri-Chem's USA fluids blending and packaging division, generated sales of \$1,459,467 for the quarter ended March 31, 2015 compared to \$1,641,744 for Q1 2014, representing a 11.1% decline.

### **Outlook Summary**

The extent and duration of the industry downturn is highly uncertain. For the remainder of 2015, a sustained commodity price recovery will be required for improved industry activity as a number of oil and gas companies have implemented capital budget cuts and cost reduction initiatives across North America which in turn will impact demand for Bri-Chem products and services. During this time, management will remain focused on controlling costs, inventory levels, capital spending and debt. Management implemented a number of cost saving initiatives in the first quarter with an annualized fixed cost savings of approximately \$3.2 million.

Oil and gas drilling activity has declined sharply during the first quarter of 2015 compared to 2014 and we are expecting the decline will continue through the remainder of 2015. The Petroleum Services Association of Canada (PSAC) has forecasted a total of 627 wells to be drilled in Canada for the second quarter of 2015, a decrease of 52.5% over the prior year second quarter. In Canada, the typical seasonal downturn in activity due to spring breakup has occurred much earlier than normal, further reducing rig count each week in the early part of Q2 2015. Management expects a prolonged spring breakup season in Canada with little visibility regarding how many rigs will come back to work when breakup ends.

Management's strategy in the current environment is to preserve working capital, pay down debt amidst an aggressive inventory reduction program and maintain flexibility to be able to respond to opportunities that are presented when the market does recover. The maintenance capex requirement in the business continues to be modest and can be managed at or below \$500,000 for the year.

Overall, Bri-Chem's exceptional industry infrastructure located throughout Canada and the U.S., its diversified product mix and blending services, blue chip customer base, and low cost and highly scalable business model, collectively, will serve to be a valuable contributor to many customers throughout North America during this difficult period and will benefit significantly when the market returns to more reasonable levels.

For all interested investors and the news media, the conference call will be available via webcast within the Investors section of [www.brichem.com](http://www.brichem.com).

### **About Bri-Chem**

Bri-Chem has established itself, through a combination of strategic acquisitions and organic growth, as the North American industry leader for the distribution and blending of oilfield drilling, completion, stimulation and production chemical fluids. We sell, blend, package and distribute a full range of drilling fluid products, cementing, acidizing and stimulation additives from 31 strategically located warehouses throughout Canada and the United States. We have been operating in Canada since 1985 and expanded into the United States in 2011 and as a result of the increasing market demand for oilfield chemicals we have experienced significant market penetration within the North American oil and gas 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).

To receive Bri-Chem news updates send your email to [ir@brichem.com](mailto:ir@brichem.com).

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