Interim Financial Report
Period Ended September 30, 2016

Q3

Cordy
Oilfield Services Inc.

Interim Condensed Consolidated Statement of Financial Position

(unaudited) ($000's)	September 30, 2016	December 31, 2015
Assets		
Current assets		
Cash	**35**	876
Trade and other receivables (note 5)	**1,982**	2,291
Inventory	**1,308**	1,356
Prepaid and other assets	**278**	372
Deferred Costs	**39**	-
	3,642	4,895
Non–current assets		
Property and equipment	**14,846**	17,403
Total assets	**18,488**	22,298
Liabilities and equity		
Current liabilities		
Related party loan payable (notes 6 and 7)	**833**	934
Trade and other payables	**3,430**	3,816
Equipment loans (note 6)	**-**	274
Obligations under financing leases (note 6)	**944**	2,543
	5,207	7,567
Non–current liabilities		
Equipment loans (note 6)	**-**	176
Obligations under financing leases (note 6)	**14,732**	13,486
	19,939	21,229
Equity		
Share capital	**41,333**	41,333
Contributed surplus	**7,486**	7,502
Deficit	**(50,270)**	(47,766)
	(1,451)	1,069
Total liabilities and equity	**18,488**	22,298

Going concern (note 3)

Subsequent events (note 11)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Comprehensive Loss

For the periods ended September 30, (unaudited) ($000s except per share amounts)	Three months 2016	 2015	Nine months 2016	 2015
Revenue	**2,302**	4,843	**7,136**	17,971
Expenses				
Direct operating expenses	**1,651**	4,454	**5,315**	17,376
General and administrative expenses	**380**	1,002	**1,239**	3,161
Operating earnings (loss)	**271**	(613)	**582**	(2,566)
Depreciation expense	**668**	485	**2,031**	1,209
Financing expense	**333**	268	**1,013**	1,424
Loss (gain) on disposal of equipment	**(5)**	44	**58**	(663)
Share-based recovery	**(6)**	(107)	**(16)**	(260)
	990	690	**3,086**	1,710
Loss before tax	**(719)**	(1,303)	**(2,504)**	(4,276)
Income tax expense (recovery)	**-**	27	**-**	85
Net loss from continuing operations	**(719)**	(1,330)	**(2,504)**	(4,361)
Net earnings (loss) from discontinued operations (note 10)	**-**	177	**-**	(1,128)
Net loss from all operations	**(719)**	(1,153)	**(2,504)**	(5,489)
Other comprehensive income	**-**	-	**-**	-
Total comprehensive loss	**(719)**	(1,153)	**(2,504)**	(5,489)
Loss per share from (note 8)				
Continued operations basic and dilluted ($)	**(0.01)**	(0.01)	**(0.03)**	(0.05)
Discontinued operations basic and diluted ($)	**-**	-	**-**	(0.01)
All operations basic and diluted ($)	**(0.01)**	(0.01)	**(0.03)**	(0.06)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

(unaudited)

($000's except numbers of shares)	Shares Outstanding (000's)	Share Capital $	Contributed Surplus $	Other Comp. Income $	Deficit $	Total $
Balance at January 1, 2015	89,454	43,014	6,115	179	(39,825)	9,483
Loss for the period	-	-	-	-	(5,489)	(5,489)
Share-based recovery	-	-	(260)	-	-	(260)
Other comprehensive income	-	-	-	(179)	179	-
Balance at September 30, 2015	**89,454**	**43,014**	**5,855**	**-**	**(45,135)**	**3,734**
Balance at January 1, 2016	**85,954**	**41,333**	**7,502**	**-**	**(47,766)**	**1,069**
Loss for the period	-	-	-	-	(2,504)	(2,504)
Share-based recovery	-	-	(16)	-	-	(16)
Other comprehensive income	-	-	-	-	-	-
Balance at September 30, 2016	**85,954**	**41,333**	**7,486**	**-**	**(50,270)**	**(1,451)**

The accompaying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the nine months ended September 30, (Unaudited) ($000's)	2016	2015
Cash flows from operating activities		
Net loss:	**(2,504)**	(4,361)
Add (deduct) non-cash items:		
Depreciation	**2,031**	1,209
Financing expense	**1,013**	1,424
Share-based recovery	**(16)**	(260)
Loss (gain) on disposal of property and equipment	**58**	(663)
Changes in non–cash working capital	**27**	705
Cash flows generated from (used in) operating activities from continuing operations	**609**	(1,946)
Cash flows used in operating activities from discontinued operations	**-**	(1,234)
Cash flows generated from (used in) operating activities from all operations	**609**	(3,180)
Cash flows from financing activities		
Repayment of related party loan payable	**(101)**	(807)
Repayment of equipment loans	**(450)**	(9,319)
Proceeds of financing leases	**-**	15,535
Repayment of financing leases	**(354)**	(517)
Interest paid	**(1,013)**	(1,424)
Cash flows generated from (used in) financing activities from continuing operations	**(1,918)**	3,468
Cash flows used in financing activities from discontinued operations	**-**	(19)
Cash flows generated from (used in) financing activities from all operations	**(1,918)**	3,449
Cash flows from investing activities		
Purchase of property and equipment	**(3)**	(15,330)
Proceeds on disposal of property and equipment	**471**	12,575
Cash flows generated from (used in) investing activities from continuing operations	**468**	(2,755)
Cash flows generated from investing activities from discontinued operations	**-**	27
Cash flows generated from (used in)investing activities from all operations	**468**	(2,728)
Decrease in cash	**(841)**	(2,459)
Cash - beginning of the period	**876**	2,967
Cash - end of the period	**35**	508

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2016 and 2015 (unaudited)
Tabular amounts are stated in thousands of dollars except per share amounts and certain other exceptions as noted

1. REPORTING ENTITY

Cordy Oilfield Services Inc. ("Cordy" or the "Corporation") was incorporated under the Business Corporations Act of Alberta and is a publicly-traded Corporation listed on the TSX Venture Exchange under the symbol "CKK". The address of the Corporation's registered office is 5366 55 St SE, Calgary, Alberta, T2C 3G9. These unaudited interim condensed consolidated financial statements of the Corporation as at and for the three and nine months ended September 30, 2016 and 2015 comprise the Corporation and its subsidiaries. Cordy and its subsidiaries are primarily involved in energy services and construction throughout western Canada. The business of Cordy is conducted through two reportable segments: Heavy Construction and Environmental Services. During the third quarter of 2015, Cordy sold the Manufacturing and Supply segment and has treated this as discontinued operations in prior period financial results, refer to note 10.

2. BASIS OF PRESENTATION

A. Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The unaudited interim condensed consolidated financial statements should be read in conjunction with the Corporation's annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2015.

The unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on November 21, 2016.

B. Basis of measurement

The unaudited interim condensed consolidated financial statements were prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

C. Functional and presentation currency

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars which is the Corporation's reporting currency. Transactions denominated in currency other than the functional currency are translated at the prevailing rates on the date of the transaction. Any monetary items held in currency which is not the functional currency of the subsidiary are translated to the functional currency at the prevailing rate at the date of the statement of financial position. All exchange differences arising as a result of the translation to the functional currency of the subsidiary are recorded in net earnings.

D. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation for the current reporting periods.

3. GOING CONCERN

The unaudited interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities.

The Corporation has recorded a net loss after tax from continuing operations of $2.5 million for the nine month period ended September 30, 2016. The Corporation as at September 30, 2016 has cash of $0.03 million and in the nine month period generated cash of $0.6 million from continuing operations. Cordy has a working capital deficit of $1.6 million at September 30, 2016. Finance leases were $15.7 million as at September 30, 2016 of which $0.9 million is due within one year, related party loan payable was $0.8 million as at September 30, 2016 and is due within one year. Subsequent to September 30, 2016 Cordy Oilfield Services Inc. completed its previously announced rights offering. At closing, Cordy issued 85,953,810 Common Shares of Cordy at a price of $0.015 per share for gross proceeds of $1,289,307.

These conditions create a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Additional equity, new or amended financing arrangements and/or operating developments are needed to meet the Corporation's business objectives. The ability of the Corporation to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due, is dependent on the successful completion of the actions taken or planned. Management believes that the regular payment of the lease obligations will be met out of cash, operating cash flows or cash from equipment sales or alternate financing or the raising of funds. There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to the

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Corporation. If for any reason the Corporation is unable to continue as a going concern, it could impact the Corporation's ability to realize assets at their recognized values and to meet liabilities in the ordinary course of business at the amounts stated in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, AND ESTIMATES

The accounting policies and use of judgments and estimates used in the preparation of these unaudited interim condensed consolidated financial statements have been applied consistently for all periods presented and are unchanged from the accounting policies, judgments and estimates disclosed in the notes to the consolidated financial statements for the year ended December 31, 2015.

The nature of the business and timely preparation of the unaudited interim condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, and use judgment regarding assets, liabilities, revenues and expenses. Such estimates primarily relate to the accrual of unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the useful lives of property and equipment, and the fair value of share-based payment awards. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the determination of control, definition of a business, determination of cash generating units and determination of functional currency.

If the underlying estimates and assumptions, upon which the unaudited interim condensed consolidated financial statements are based, change in future periods, actual amounts may differ from those included in the accompanying unaudited interim condensed consolidated financial statements.

The accounting policies have been applied consistently by the Corporation's entities.

5. TRADE AND OTHER RECEIVABLES

	September 30, 2016	December 31, 2015
Trade receivables	**1,841**	2,019
Other receivables	**291**	396
Total receivables	**2,132**	2,415
Current	**973**	1,639
31 – 60 days	**496**	201
61 – 90 days	**269**	101
Over 90 days	**394**	474
	2,132	2,415
Allowance for doubtful accounts	**(150)**	(124)
Total net receivables	**1,982**	2,291

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6. LOANS AND OTHER BORROWING

	September 30, 2016	December 31, 2015
Current liabilities		
Related party loan payable (note 7)	**833**	934
Equipment loans	**-**	274
Financing lease obligations	**944**	2,543
Current portion of debt	**1,777**	3,751
Non-current liabilities		
Equipment loans	**-**	176
Financing lease obligations	**14,732**	13,486
Non-current portion of debt	**14,732**	13,662
Total debt obligations	**16,509**	17,413

Financing Leases
The Corporation has multiple operating agreements ("the Agreements") with its primary equipment financer that are classified as a finance leases for accounting purposes and secured by equipment. The agreements consist of 48 to 60 month terms. Payments are $0.15 million per month, until September 25, 2017, thereafter lease payments increase to $0.6 million per month. The Agreements bear interest at 8.5%.

All future payments are subject to change as Cordy has the option to sell the equipment and have all proceeds applied against the remaining principal balance. In the event of default Cordy is subject to additional interest and penalties.

Equipment Loans
During the second quarter Cordy repaid all equipment loans, this was facilitated through a takeover of debt by the primary equipment financer resulting in classification as a finance lease and repayment of debt through the sale of equipment.

7. TRANSACTIONS WITH RELATED PARTIES

Lyncorp International Ltd is considered a related party; a company wholly-owned by David Mullen, Chairman and a director of Cordy. Together, David Mullen and Lyncorp International Ltd ("Lyncorp") hold approximately 19.97% (2015 – 19.97%) of Cordy's outstanding common shares. The loan below with Lyncorp occurred in the normal course of operations with terms consistent with those offered to arm's length parties and are measured at the exchange amount.

Related party loan payable
During the third quarter Lyncorp agreed to postpone all payments until at least December 15, 2016 or when the Corporation is in a position to repay at its election, at which point discussions will commence to agree on reasonable payments terms. The loan is payable in increments of $0.3 million and bears interest at 15%. Accrued interest as at September 30, 2016 was $0.25 million (December 31, 2015 - $0.15 million) is recorded in trade and other payables.

Related party transactions	September 30 2016	December 31, 2015
Related party loan payable	**833**	934

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share from operations at September 30, 2016 was based on earnings attributable to common shareholders divided by the weighted average number of Common Shares outstanding for the period. Net loss for the three months and nine months ended September 30, 2016 from continuing operations was $0.7

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and $2.5 million (2015 net loss from continuing operations - $1.3 and $4.4 million) respectively. Net loss for the three and nine months ended September 30, 2016 from discontinued operations was $Nil (2015 net earnings from discontinued operations for the three months ended was $0.2 million and net loss from discontinued operations for the nine months ended was $1.1 million). The weighted average number of Common Shares outstanding for the three and nine months ended September 30, 2016 and 2015 was calculated as follows and there were no dilutive securities.

Weighted average number of ordinary shares

	Three months ended September 30,		Nine months ended September 30,	
(000's)	**2016**	2015	**2016**	2015
Shares outstanding	**85,954**	89,454	**85,954**	89,454
Weighted average number of common shares	**85,954**	89,454	**85,954**	89,454

9. SEGMENTED INFORMATION

Management regards the Corporation's activities as being conducted in reportable business segments organized according to the products and services they provide. All activities and equipment of the Corporation are located in Canada.

Environmental Services

The Environmental Services segment provides clean-up, hazardous goods transportation and containment services to the oil and natural gas industry and also to industrial and commercial customers in Alberta. This segment provides general water truck and vacuum truck services to oilfield and non-oilfield related industries; confined-space entry services; dangerous goods transportation and general transportation services; high-pressure and steam cleaning services; septic and holding tank cleaning; hydro-excavation; liquids and solids spill response services; and 24-hour emergency response coverage.

Heavy Construction

The Heavy Construction segment services include pipeline integrity management; clean-up services; low-pressure gas tie-ins; insulated pipeline installation; cement-lined pipeline installation; fibreglass pipeline installation; water injection lines; construction and installation of compressors, line heaters, separator buildings and header systems; pipeline maintenance and repairs; tying-in wellheads; decommissioning old well sites; and transportation of facility components to production sites. In providing pipeline construction and oilfield maintenance services, the focus is on small to medium-diameter pipeline construction, primarily gathering system pipe under 12" in diameter.

Each segment applies the same accounting policies as those described in note 4 of Cordy's audited annual consolidated financial statements for the year ended December 31, 2015. Inter-segment transactions are recorded at values that approximate third-party selling prices and are eliminated for segmented reporting. Segment performance is measured based on operating earnings, as included in the internal management reports which are reviewed at least quarterly by the Chief Executive Officer and other senior management. Operating earnings is believed to be the most relevant measure of performance as it enables comparison against the results of the other Cordy entities and competitors operating in the same industries.
Selected segmented information from operations for the three and nine month periods ended September 30, 2016 and 2015 is as follows:

Three months ended September 30, 2016	Environmental Services	Heavy Construction	Corporate	Total
Revenue	2,215	84	3	2,302
Operating earnings (loss)	455	39	(223)	271
Net loss	(508)	83	(293)	(718)
Depreciation	616	30	22	668
Capital additions	-	-	-	-
Total assets at September 30, 2016	16,288	758	1,442	18,488

Tabular amounts are stated in thousands of dollars except per share amounts and certain other exceptions as noted

Three months ended September 30, 2015	Environmental Services	Heavy Construction	Corporate	Total
Revenue	3,756	1,083	4	4,843
Operating earnings (loss)	(15)	(92)	(506)	(613)
Net loss	(492)	(298)	(540)	(1,330)
Depreciation	375	88	22	485
Capital additions	15,330	-	-	15,330
Total assets at September 30, 2015	20,664	3,044	3,721	27,429

Nine months ended September 30, 2016	Environmental Services	Heavy Construction	Corporate	Total
Revenue	6,809	305	22	7,136
Operating earnings (loss)	1,629	(131)	(916)	582
Net loss	(1,230)	(112)	(1,162)	(2,504)
Depreciation	1,872	92	67	2,031
Capital additions	-	-	-	-
Total assets at September 30, 2016	16,288	758	1,442	18,488

Nine months ended September 30, 2015	Environmental Services	Heavy Construction	Corporate	Total
Revenue	13,775	4,192	4	17,971
Operating earnings (loss)	234	(780)	(2,020)	(2,566)
Net earnings (loss)	(250)	(1,130)	(2,981)	(4,361)
Depreciation	677	465	67	1,209
Capital additions	15,330	-	-	15,330
Total assets at September 30, 2015	20,664	3,044	3,721	27,429

10. DISCONTINUED OPERATIONS

On August 10, 2015, Cordy Oilfield Services sold Cordy Manufacturing Inc. ("CMI"), a wholly owned subsidiary of Cordy Oilfield Services. The sale was inclusive of CMI's liabilities, to an arm's length purchaser for consideration of one dollar, Cordy recognized a gain of $0.2 million on the sale. As a result, Cordy has exited the manufacturing and supply business. The results for the operation were classified as discontinued operations for the three and nine month periods ended September 30, 2016 and 2015. The discontinued operation was previously classified in the Manufacturing segment.

The net loss from discontinued operations for the three and nine months ended September 30, 2016 and 2015 are as follows:

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	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
Revenue	-	16	-	735
Expenses	-	32	-	2,094
Operating loss	-	(16)	-	(1,359)
Gain on sale of discontinued operations	-	(188)	-	(188)
Other expenses (1)	-	(5)	-	83
Loss from discontinued operations	-	177	-	(1,254)
Income tax recovery	-	-	-	(126)
Net loss from discontinued operations	-	177	-	(1,128)

(1) Other expenses includes amortization, financing expense and gain on sale of property plant and equipment

The following table provides additional information with respect to amounts included in the statements of cash flow related to discontinued operations:

Nine months ended September 30,	**2016**	2015
Cash generated by (used in)		
Operating activities	-	(1,234)
Financing activities	-	(19)
Investing activities	-	27
Change in cash	-	(1,226)

11. SUBSEQUENT EVENTS

Subsequent to September 30, 2016 Cordy Oilfield Services Inc. completed its previously announced rights offering. At closing, Cordy issued 85,953,810 Common Shares of Cordy at a price of $0.015 per share for gross proceeds of $1,289,307.

Corporate Information

DIRECTORS AND OFFICERS

Darrick Evong, CPA, CA, CBV
Chief Executive Officer

Rick Manhas, P.AG.
Chief Operating Officer

Luke Caplette, CPA, CA
Chief Financial Officer

David Mullen
Chairman of the Board

Robert N. Waddell, CPA, CMA, FCMA, (1)(2)(3)
Director

Timothy H. Urquhart, ICD.D(1)(2)(3)
Director

(1) Member of the Audit Committee
(2) Member of the Governance and Compensation Committee
(3) Member of the Nominating Committee

CORPORATE OFFICE

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BANKER

TD Commercial Banking
Calgary, Alberta

LAWYERS

DLA Piper (Canada) LLP
Calgary, Alberta

AUDITORS

KPMG LLP
Calgary, Alberta

STOCK EXCHANGE

TSX Venture
Trading Symbol: CKK

TRANSFER AGENT AND REGISTRAR

Computershare
Calgary, Alberta