



Cordy Oilfield Services Inc. Reports Second Quarter 2016 Results

CALGARY, CANADA – August 29, 2016

CORDY OILFIELD SERVICES INC. (the “Corporation” or “Cordy”) (CKK: TSX-V) released today its second quarter 2016 results.

(\$ millions)	Three months ended June 30,			Six months ended June 30,		
	2016	2015	(\$ Change)	2016	2015	(\$ Change)
Revenue						
Environmental Services	2.0	2.6	(0.6)	4.6	10.0	(5.4)
Heavy Construction	0.1	0.6	(0.5)	0.2	3.1	(2.9)
	2.1	3.2	(1.1)	4.8	13.1	(8.3)
Direct operating expenses						
Environmental Services	1.3	3.2	(1.9)	3.3	9.2	(5.9)
Heavy Construction	0.1	0.8	(0.7)	0.4	3.7	(3.3)
	1.4	4.0	(2.6)	3.7	12.9	(9.2)
General and administrative expenses						
Environmental Services	0.2	0.3	(0.1)	0.1	0.5	(0.4)
Heavy Construction	-	(0.2)	0.2	-	0.1	(0.1)
Corporate	0.3	0.6	(0.3)	0.7	1.5	(0.8)
	0.5	0.7	(0.2)	0.8	2.1	(1.3)
EBITDAS⁽¹⁾						
Environmental Services	0.5	(0.9)	1.4	1.2	0.2	1.0
Heavy Construction	-	-	-	(0.2)	(0.7)	0.5
Corporate	(0.3)	(0.6)	0.3	(0.7)	(1.5)	0.8
	0.2	(1.5)	1.7	0.3	(2.0)	2.3
Depreciation	0.7	0.3	0.4	1.3	0.7	0.6
Finance costs	0.3	0.5	(0.2)	0.7	1.2	(0.5)
Gain (loss) on disposal	0.1	0.1	-	0.1	(0.7)	0.8
Share-based payments (recovery)	-	(0.2)	0.2	-	(0.2)	0.2
Loss before tax	(0.9)	(2.2)	1.3	(1.8)	(2.9)	1.1
Income tax expense	-	0.1	(0.1)	-	0.1	(0.1)
Net loss from continuing operations	(0.9)	(2.3)	1.4	(1.8)	(3.0)	1.2

⁽¹⁾ EBITDAS is a non-IFRS term and is defined as earnings before interest, taxes, depreciation, amortization, impairment, and share-based payments.

SECOND QUARTER ENDED JUNE 30, 2016

For the six month period ended June 30, 2016, Cordy's consolidated revenues decreased by \$8.3 million, from the comparative period in 2015. This significant drop is partially attributable to Cordy's initiatives in response to the economic conditions in western Canada resulting from suffering commodity prices. Specifically, the shutdown of all operations in the Heavy Construction segment except for the Pipeline and Facilities division has resulted in decreased revenues of \$2.9 million for the six months ended June 30, 2016.

The Environmental Services segment saw a decline in revenue for the six month period ended June 30, 2016, of \$5.4 million, from the comparative period in 2015. The volatility of commodity prices has resulted in reduced capital expenditures of Cordy Environmental's oilfield customers, which in turn has resulted in a pressure on rates and overall reduced demand for services. Despite the significant reduction of revenue, the segment produced \$1.0 million higher EBITDAS compared to the comparative



period in 2015. This can be attributable to the restructuring of Cordy, significant cost reductions implemented Company wide and the capitalization of leases that were previously classified as operating leases.

Despite the large drop in revenue Cordy's consolidated EBITDAS increased \$2.3 million compared to the prior year, this can be attributable to the change in leases from operating to finance that occurred in the latter half of 2015, coupled with aforementioned cost cutting initiatives.

CORPORATE RESTRUCTURING AND OUTLOOK

As anticipated, and outlined in our Q1 2016 MD&A, low commodity prices and uncertainty surrounding government policy has led to a significant reduction in capital spending by Cordy's oil and gas customers. The reduction in capital spending resulted in a struggling Alberta economy, and increased pricing pressures, which have contributed to a year over year reduction in revenue for the second quarter. Although revenue has been adversely impacted, margins continue to improve as management's strategy, centred around a focus on cost discipline and right sizing the business to meet current market needs, is coming to fruition.

For the second half of 2016, we anticipate a competitive environment, and continued pricing pressures; this will limit topline growth in Cordy's business units. The Company will continue to rely on the Environmental Services segment's diversity in the municipal and industrial services sector, until the Oil and Gas industry shows some signs of recovery, which management does not anticipate until the second half of 2017. Cordy's Heavy Construction segment will continue to have minimal activity, and as a result, it vacated its facilities in Sundre Alberta at the beginning of the third quarter.

To strengthen our balance sheet, in the second half of 2016, Management anticipates, subject to TSX:V approval, closing an equity financing, either in the form of a private placement or rights offering. Management is targeting an equity raise of approximately \$1.2 million. The proceeds of any financings will be used to fund ongoing working capital requirements for continuing operations and for general corporate purposes. Negotiations with existing lenders have secured flexible payment terms that will allow, in conjunction with the financing, Cordy to execute its strategy and position itself to take advantage of any recovery in the second half of 2017.



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This News Release contains certain statements that constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements, other than statements of historical fact, that address activities, events or developments that the Corporation or a third party expects or anticipates will or may occur in the future, are forward-looking statements. These include the Corporation's future growth, results of operations, performance and business prospects and opportunities; prevailing economic conditions; commodity prices; sourcing, pricing and availability of raw materials, components and parts, equipment, suppliers, facilities and skilled personnel; dependence on major customers; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; regional competition; and other factors, many of which are beyond the Corporation's control. These other factors include future prices of oil and natural gas and oil and natural gas industry activity, including the effect of changes in commodity prices on oil and natural gas exploration and development activity, the ability to complete strategic acquisitions and realize the anticipated benefits of any acquisitions that are completed, the Corporation's outlook regarding the competitive environment it operates in, and the assumptions underlying any of the foregoing. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the Corporation's control, including those discussed under "Risks and Uncertainties" and elsewhere in this News Release, that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this News Release should not be unduly relied upon. These statements speak only as of the date of this News Release. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities laws. The forward-looking statements contained in this News Release are expressly qualified by this cautionary statement.

Cordy uses the measures Earnings Before Interest, Taxes, Depreciation, Amortization and Impairment and Share Based Compensation (EBITDAS) in this news release. This measure does not have any standardized meaning prescribed by International Financial Reporting Standards (IFRS). It is, therefore, considered to be non-IFRS term and may not be comparable to similar measures presented by other entities. Management of Cordy uses these non-IFRS measures to improve its ability to compare financial results among reporting periods and to enhance its understanding of operating performance, liquidity and ability to generate funds to finance operations. This non-IFRS measure is also provided to readers as additional information on Cordy's operating performance, liquidity and ability to generate funds to finance operations. EBITDAS is an approximate measure of the Cordy's pre-tax operating cash flow and is generally used to better measure performance and evaluate trends of individual assets. EBITDAS comprises earnings before deducting interest and other financial charges, income taxes, depreciation and amortization, net income attributable to non-controlling interests and preferred share dividend