Q3 2019
Management's
Discussion and Analysis

Q3

Cordy
Oilfield Services Inc.

READER ADVISORY

The Management's Discussion and Analysis ("MD&A") for the three and nine month periods ended September 30, 2019 of Cordy Oilfield Services Inc. ("Cordy" or the "Corporation"), prepared as at November 19, 2019, focuses on the unaudited interim condensed consolidated financial statements and related notes for the respective periods and pertains to principal risks and uncertainties related to the Corporation's business segments. This discussion should not be considered all-inclusive as it does not include all changes regarding general economic, political, governmental and environmental events. This discussion should be read in conjunction with the Corporation's 2018 audited Annual Consolidated Financial Statements, the December 31, 2018 MD&A, the unaudited interim condensed consolidated financial statements and related notes as at and for the three and nine month periods ended September 30, 2019 and the cautionary statement regarding forward-looking information and statements on the last page of this document.

This MD&A contains certain statements that constitute forward-looking statements under the meaning of applicable securities laws. Please see "*Forward-Looking Information, Assumptions and Risk Factors*" on page 8 for a discussion regarding Cordy's use of such information. For the reader's reference, the definition, calculation and reconciliation of non-GAAP terms are provided in "Non-GAAP Terms" on page 7. Readers are cautioned that these non-GAAP terms should not replace net earnings (loss), earnings (loss) per share, purchases and proceeds on sale of property, plant and equipment and debt as indicators of GAAP performance.

This MD&A and the interim financial statements were reviewed by the Audit Committee of the Corporation's Board of Directors and approved by Cordy's Board of Directors on November 19, 2019.

CORPORATE OVERVIEW

Cordy is a service provider to the western Canadian oil and gas sector. Cordy is headquartered in Calgary, Alberta, Canada, and is listed on the TSX Venture Exchange under the trading symbol "CKK". Cordy's operating businesses are separate legal entities that service two business segments in Alberta. The entities are:

Cordy Environmental Inc. ("Environmental Services"); The segment's clean-up, hazardous goods transportation and containment services are provided 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.

Cordy Construction Inc. ("Heavy Construction"); Heavy Construction 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.

OUTLOOK

Cordy continues to experience improved results as compared to the previous year. Cordy continues to benefit from its diversification focus by growing the municipal and industrial side of the business, coupled with an increase in oilfield market share, has had a positive impact on the business. Although pricing levels have remained competitive, Cordy's continued focus on selling, and the benefits associated with its acquisition of Hornet Hydrovac ("Hornet"), continue to yield results.

For the balance of 2019, the trend Cordy has experienced for the first nine months will remain constant. Cordy will continue to surpass 2018 numbers, revenue is anticipated to surpass last year results, while Cordy's cost structure will remain in place to ensure margins stay consistent with the previous nine months. Current trends in the oil and gas sector cause alarm, however Cordy anticipates a strong winter drilling season as strides continue to be made on the customer front, although demand for services has been static, Cordy continues to outperform competitors and gain existing market share. Year to date Cordy has disposed of underutilized equipment for proceeds of $1.3 million, resulting in a gain on sale of $0.5 million. Cordy will continue to re-evaluate its equipment mix to ensure capital is being allocated for the highest return. Cordy believes it has positioned itself through its diversified customer base, debt structure, service offerings and lean cost base to see continued growth in the municipal, industrial and oilfield market for the foreseeable future.

While remaining focused on operational and financial performance, Cordy will continue to seek out acquisitions and or consolidation opportunities that complement its diversification strategy and provide platforms for organic growth. Cordy is actively reviewing numerous opportunities, however Cordy will remain committed to ensuring any acquisition meets our strategic initiatives and financial thresholds. Cordy will continue to consider multiple avenues to reach strategic objectives and provide shareholder value.

SELECTED FINANCIAL INFORMATION

($ 000's except share information amounts)	2019	2018	($) Change	2019	2018	($) Change
Financial results from continuing operations						
Revenue	4,003	3,925	78	12,804	12,368	436
Gross Margin[(1)]	1,068	974	94	3,242	2,753	489
Operating earnings[(2)]	550	608	(58)	1,929	1,482	447
Net loss	(39)	(120)	81	345	(291)	636
Cash generated from operating activities	582	(128)	710	1,168	228	940
Share Information						
Share Price	0.03	0.02	0.01	0.03	0.02	0.01
Loss per share from all operations	-	-	-	-	-	-
Other Information						
Capital expenditures	459	7	452	2,230	7	2,223

($ 000's)	September 30, 2019	December 31, 2018	($) Change
Financial Position			
Total assets	14,733	14,371	362
Total debt obligations (includes current portion)	14,767	14,265	502
Total liabilities	16,398	16,381	17
Net assets	(1,665)	(2,010)	345

(1) Gross Margin is a non-IFRS term and is defined as revenue less direct operating expenses, see reconciliation on page 8 of this document.

(2) Operating earnings is a non-IFRS term and is defined as earnings before interest, taxes, depreciation, amortization, see reconciliation on page 7 of this document.

OVERALL PERFORMANCE

For the nine month period ended September 30, 2019, Cordy's consolidated revenues increased by $0.4 million or 3 percent, from the comparative period in 2018. Cordy's consolidated operating earnings increased $0.4 million or 30 percent from the comparative period. Cordy's net earnings was $0.3 million for the nine months ended September 30, 2019, as compared to a net loss of $0.3 million for the nine months ended September 30, 2018, representing a 219 percent increase over prior year.

The Environmental Services saw marginally increased revenue for the nine months ended September 30, 2019, of $0.4 million, from the comparative period in 2018. Cordy saw increased revenue in each quarter: In the first and third quarter Cordy's sales efforts and competitive pricing allowed Cordy to gain market share over competitors, specifically oilfield customers; Cordy's second quarter increases can be attributed to Cordy's diversification strategy, this has resulted in new customers and increased demand for municipal services. Environmental Services' operating earnings increased to $2.5 million from $2.1 million in 2018, as a percentage of revenue operating earnings was 20 percent in 2019 as compared to 17 percent in 2018.

The Construction segment saw minimal changes in revenue for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018; this is due to the reduced demand for services and minimal activity year over year. Construction's operating earnings increased to $0.2 million from $0.1 million in 2018, as a percentage of revenue operating earnings was 43 percent in 2019 as compared to 28 percent in 2018.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

	Three months ended September 30,			Nine months ended September 30,		
($ 000's)	**2019**	**2018**	**($) Change**	**2019**	**2018**	**($) Change**
Revenue						
Environmental Services	3,881	3,829	52	12,385	12,015	370
Heavy Construction	122	94	28	414	337	77
Corporate	-	2	(2)	5	16	(11)
	4,003	3,925	78	12,804	12,368	436
Direct operating expenses						
Environmental Services	2,855	2,861	(6)	9,331	9,375	(44)
Heavy Construction	80	90	(10)	231	240	(9)
Corporate	-	-	-	-	-	-
	2,935	2,951	(16)	9,562	9,615	(53)
General and administrative expenses						
Environmental Services	285	100	185	587	577	10
Heavy Construction	-	1	(1)	2	2	-
Corporate	233	265	(32)	724	692	32
	518	366	152	1,313	1,271	42
Operating earnings (loss)[(1)]						
Environmental Services	741	868	(127)	2,467	2,063	404
Heavy Construction	42	3	39	181	95	86
Corporate	(233)	(263)	30	(719)	(676)	(43)
	550	608	(58)	1,929	1,482	447
Depreciation	477	485	(8)	1,469	1,430	39
Finance costs	198	187	11	598	471	127
Gain (loss) on disposal	(86)	56	(142)	(483)	(128)	(355)
Loss before tax	(39)	(120)	81	345	(291)	636
Income tax expense	-	-	-	-	-	-
Net earnings (loss)	(39)	(120)	81	345	(291)	636

[(1)] Operating earnings (loss) is a non-IFRS term and is defined as earnings before interest, taxes, depreciation, amortization, see reconciliation on page 8 of this document.

Revenue
For the three months ended September 30, 2019 Cordy's consolidated revenues increased by $0.1 million or 2 percent as compared to the period ended September 30, 2018. Cordy's revenue for the three months ended September 30, 2019 consisted of 41 percent (2018 – 31 percent) oilfield service revenue and 59 percent (2018 – 69 percent) municipal and industrial revenue. The slight increase for the three months ended September 30, 2019 is due to increased oilfield demand slightly offset by decreased municipal and industrial as there was a one-time project in 2018 that did not reoccur in 2019.

For the nine months ended September 30, 2019, Cordy's consolidated revenues increased by $0.4 million or 3 percent to $12.8 million as compared to the nine months ended September 30, 2018. The Environmental segment accounts for the period-over-period increase; Environmental saw increased revenues stemming from increased market share from oilfield customers in the first quarter and third quarters of 2019, coupled with the expansion of service offerings to pre-existing Hornet customers and continued organic sales efforts.

Direct operating expenses ("DOE")
For the three months ended September 30, 2019 consolidated DOE remained consistent at $2.9 million. As a percentage of revenue DOE decreased to 73 percent from 75 percent. The majority of the expenses relate to the Environmental Services segment; where DOE as a percentage of revenue was 74 percent compared to 75 percent in 2018. The decrease in direct operating expenses is a function of higher margin work that was performed during the quarter and IFRS 16 adoption, resulting in no longer incurring direct operating expense for the lease related to Cordy's office and shop.

For the nine months ended September 30, 2019, consolidated DOE remained consistent at $9.6 million. As a percentage of revenue DOE decreased to 75 percent from 78 percent. The majority of the expenses relate to the Environmental Services segment; where DOE as a percentage of revenue was 75 percent compared to 78 percent in 2018. The decrease in direct operating expenses is related to the aforementioned IFRS 16 adoption, coupled with continued efforts surrounding cost cutting and realizing profit in these new market realities.

General and administrative expenses ("G&A")
G&A includes the cost of maintaining a corporate office, all publicly traded company-related expenses as well as the G&A incurred at each of the business units. For the three months ended September 30, 2019, G&A was $0.5 million as compared to $0.4 million for the same period of the prior year. The increase in G&A in 2019 is due to an increase in bad debt expenses.

For the nine months ended September 30, 2019, G&A remained consistent at $1.3 million and 10 percent of revenue. Cordy continues to cut costs in all avenues of the business, these cost savings have been offset by bad debt expense in 2019.

Depreciation
Depreciation remained consistent at $0.5 million for the three months ended September 30, 2019 and 2018. For the nine months ended September 30, 2019 depreciation was $1.5 million as compared to $1.4 million for the nine months ended September 30, 2018. There is less depreciation annually based on diminishing balance calculation, this decrease has been offset by capital additions in the year, coupled with the office and shop asset recognized with respect to Cordy's facility that now gets depreciated due to IFRS 16.

Finance costs
Finance costs remained consistent at $0.2 million for the three months ended September 30, 2019 and 2018. For the nine months ended September 30, 2019 finance costs were $0.6 million as compared to $0.5 million for the nine months ended September 30, 2018, finance costs are higher due to a recovery of interest on the settlement of related party debt in 2018.

Gain on disposal
For the nine months ended September 30, 2019 the Corporation disposed of property and equipment with a carrying value of $0.8 million (2018 - $0.8 million) for proceeds of $1.3 million (2018 - $0.9 million) resulting in a gain of $0.5 million (2018 - $0.1 million).

OFF-BALANCE-SHEET ARRANGEMENTS
As at September 30, 2019, the Corporation had no off-balance-sheet arrangements (September 30, 2018 – $nil).

QUARTERLY SUMMARY
The table below summarizes Cordy's quarterly results for the previous eight financial quarters. The Corporation's operations and profitability are closely tied to the seasonal activity patterns of western Canada's oil and natural gas exploration and development industry, for which activity peaks in the winter months and declines during spring break-up. During spring break-up, the ground thaws and many roads become incapable of supporting heavy equipment, which makes drilling for oil and gas more difficult. As a result, demand for oilfield services generally is higher in the first and fourth quarters and lower in the second and third quarters.

FINANCIAL RESULTS

Revenue	4.0	3.6	5.2	3.4	3.9	3.3	5.1	2.7
Operating earnings [(1)]	0.6	0.4	1.0	0.1	0.6	0.1	0.8	0.3
Net income (loss)	0.0	0.1	0.3	(0.3)	(0.1)	(0.4)	0.2	(0.3)
Earnings (loss) per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash flow from (used in) operations	0.6	0.5	0.0	1.0	(0.1)	0.1	0.2	0.2

The following items are key events that occurred in each quarter:

- Q3 2019 saw a change in revenue mix as 2018 consisted of more industrial and municipal work stemming from a one-time project, this revenue was replaced through increased oilfield service revenue with margins remaining consistent.
- Q2 2019 saw a slight increase in revenue, coupled with improving margins, this is stemming from high margin work and continued cost cutting initiatives by management.
- Q1 2019 saw improved results coupled with a significant increase in demand from Cordy's municipal and industrial customers which accounted for 57 percent of revenue (2018 – 36 percent).
- Q4 2018 saw the continual trend of increased demand for Cordy's services, operating earnings were impacted by higher than expected repair and maintenance expenses, used to ready the fleet for the upcoming drilling season.
- Q3 2018 saw a significant increase in revenue stemming from Cordy's increased focus on sales efforts, additionally Cordy continued to focus on its diversification strategy, resulting in additional revenue streams.
- Q2 2018 trended similar to the first quarter of 2018, in that demand for services continued to improve. In the quarter Cordy recognized a bad debt of $0.2 million, with respect to remediation services performed on a pipeline spill.
- Q1 2018 saw increased demand for Cordy's services, recovering commodity prices, coupled with Cordy's sales efforts resulted in increased revenue for the quarter.
- Q4 2017 trended similarly to Q4 2016. Operating earnings were $0.2 million higher due to 2016 incurring legal costs and a bad debt expense that did not reoccur in 2017.

FINANCIAL RESOURCES AND LIQUIDITY

The Corporation has taken significant steps over the past several years to improve its liquidity and financial performance including increasing cash flow from operations, refinancing the lease agreements and increasing margins.

The Corporation has recorded net earnings of $0.3 million and cash flow from operations before changes in working capital of $2.1 million for the nine months ended September 30, 2019. Earnings and cash flow from operations need to continue to increase to support the future obligations of the Corporation. These conditions create a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

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 continuation of the improvements in the financial results. Management believes that the regular payment of the lease obligations will be met out of operating cash flows or cash from equipment sales or alternate financing or the raising of funds. 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.

An analysis of the Corporation's short-term liquidity is as follows:

As at September 30, ($ 000's)	2019	2018	$ Change
Borrowing capacity	1,800	-	1,800
Drawings on credit facility	(1,650)	-	(1,650)
Available credit facility	150	-	150

The Corporation entered into a line of credit agreement, with a private lender, pursuant to which it may borrow up to an amount equal to 50% of eligible receivables, on a revolving basis (the "Credit Facility"). Based on the current level of eligible receivables at September 30, 2019, the remaining amount undrawn under the Credit Facility is approximately $0.2 million. As at September 30, 2019 Cordy has borrowed $1.65 million. The Agreement includes a General Security Agreement that grants the Creditor a continuing security interest in all present and after acquired property of Cordy and its subsidiaries. The Credit Facility bears interest at the rate equal to the Bank of Canada prime rate plus 4% per annum, matures in September 2020 subject to earlier demand being made by the lender, or an extension being obtained by Cordy.

FINANCIAL MANAGEMENT

Nine months ended September 30 ($ 000's)	2019	2018	$ Change
Cash generated provided by (used in):			
Operating activities	1,168	228	940
Financing activities	(2,308)	(1,458)	(850)
Investing activities	1,278	950	328
Increase (decrease) in cash	138	(280)	418

Cash flows from operating activities increased in the nine month period ended September 30, 2019 from the same period in 2018 by $0.9 million, this is due to increased earnings and positive changes to work capital stemming from timing differences of collection and payments.

Cash flows from financing activities decreased by $0.9 in the nine month period ended September 30, 2019 from the same period in 2018. The decrease is due to significant repayments of finance leases as Cordy sold underutilized equipment in the year and paid down debt, this has been partially offset by increased funds received from the operating line of credit.

Cash flows from investing activities increased in the nine month period ended September 30, 2019 from the same period in 2018 by $0.3 million as the Corporation realized proceeds from the sale of property and equipment in 2018.

WORKING CAPITAL

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.

($ 000's)	September 30, 2019	December 31, 2018	$ Change
Cash	395	257	138
Loans and leases	14,767	14,265	502
Net debt	(14,372)	(14,008)	(364)
Working capital (1)	(1,222)	(604)	(618)

(1) Working capital is calculated as current assets less current liabilities.

Working capital has decreased for the period due to increased short-term obligations under finance leases, specifically $0.3 million stemming from IFRS 16 adjustments resulting in lease obligation being recognized for Cordy's office and shop that did not exist at December 31, 2018; an increase of $1.0 million to borrowings on the line of credit, these have been offset by $3.6 million of receivables as at September 30, 2019 as compared to $3.3 million as at December 31, 2018 and a decrease of $0.4 million in payables year over year.

LOANS AND BORROWING

Lease obligations – equipment and vehicles

The Corporation operates under several lease agreements with its equipment lender ("the Leases"), the Leases consist of consolidated monthly payments of $218,000. The Leases bear interest at 4.95% to 5.95% until August 2020 at which point the interest rate will be a variable rate equal to prime plus 2.0%. All future payments are subject to change as the Corporation has the option to sell the equipment and have all proceeds applied against the remaining principal balance. In the event of default the Corporation is subject to additional interest and penalties.

Lease obligations – office and shop

The corporation operates under a single lease agreement with its landlord ("the Landlord"), the lease consists of monthly payments of $33,000 per month, with a maturity date of June 2022.

	September 30, 2019	December 31, 2018
Current liabilities		
Bank indebtedness	1,650	500
Lease obligations - equipment and vehicles	1,926	1,903
Lease obligations - office and shop	345	-
Current portion of debt	3,921	2,403
Non-current liabilities		
Lease obligations	10,190	11,862
Lease obligations - equipment and vehicles	656	-
Non-current portion of debt	10,846	11,862
Total debt obligations	14,767	14,265

NON - GAAP TERMS

Cordy reports on certain key financial performance measures that are used by management to evaluate the performance of Cordy. These key financial performance measures are not recognized financial terms ("Non-GAAP Terms") under Canadian generally accepted accounting principles (Canadian "GAAP"). For publicly accountable enterprises, such as Cordy, Canadian GAAP is governed by principles based on International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"). Management believes these Non-GAAP Terms are useful supplemental measures. Specifically, EBITDAS is not recognized by nor is it defined under IFRS. These Non-GAAP Terms do not have standardized meanings and may not be comparable to similar measures presented by other entities.

GROSS MARGIN

Gross margin is defined as revenue less direct operating expenses. The Corporation's method of calculating gross margin may differ from that of other companies and accordingly, may not be comparable to measures used by other companies.

Non-GAAP Term Periods ended September 30 ($ 000's)	Three Months		Nine Months	
	2019	2018	2019	2018
Revenue	4,003	3,925	12,804	12,368
Deduct:				
Direct operating expenses	2,935	2,951	9,562	9,615
Gross margin	1,068	974	3,242	2,753

Operating Earnings

Operating earnings is defined as earnings before interest, taxes, depreciation, amortization, impairment, share-based payments, Operating earnings is not a recognized measure under IFRS. Management believes this is a useful supplemental measure as it provides an indication of the results generated from the Corporation's business activities regardless of the means used to finance the property and equipment. Readers are cautioned that operating earnings should not be construed as an alternative to net income in accordance with IFRS as an indicator of the Corporation's performance. The Corporation's method of calculating operating earnings may differ from that of other companies and, accordingly, operating earnings may not be comparable to measure used by other companies.

Non-GAAP Term Periods ended September 30, ($ millions)	Three months		Nine months	
	2019	2018	2019	2018
Net earnings (loss)	(39)	(120)	345	(291)
Add (deduct):				
Depreciation expense	477	485	1,469	1,430
Financing expense	198	187	598	471
Gain on disposal of equipment	(86)	56	(483)	(128)
Operating earnings	**550**	**608**	**1,929**	**1,482**

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Corporation prepares its interim condensed consolidated financial statements in accordance with IFRS. In preparing its financial statements, management is required to make various estimates and judgments in determining the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of commitments and contingencies. Management bases its estimates and judgments on its own experience and various other assumptions believed to be reasonable at the time and under the circumstances in existence when the financial statements were prepared. Anticipating future events cannot be done with certainty; therefore, these estimates may change as new events occur, more experience is acquired or the Corporation's operating environment changes. More detailed information regarding the accounting estimates believed by management to require the most difficult, subjective or complex judgments and which are material to the Corporation's financial reporting results are discussed in the Corporation’s Annual MD&A for the year ended December 31, 2018.

KEY RISKS AND UNCERTAINTIES

The Corporation is exposed to market risks and other operational risks. For a detailed discussion of these risks, readers should refer to the section “Principal Risks and Uncertainties” in the MD&A for the year ended December 31, 2018, which is available at www.sedar.com.

ADDITIONAL CORPORATE INFORMATION

The Corporation is a publicly-traded Corporation listed on the TSX Venture Exchange under the symbol “CKK”. Additional information relating to the Corporation, can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION, ASSUMPTIONS AND RISK FACTORS

This MD&A 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, 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 “Principal Risks and Uncertainties” in the MD&A for the year ended December 31, 2018 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 MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. 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 and assumptions contained in this MD&A are expressly qualified by this cautionary statement.

In particular, forward-looking information, assumptions and statements include discussion reflecting the Corporation’s belief that:

- Cordy intends to continue to re-evaluate its business and deploy its people and equipment to achieve a reasonable return on investments over the long-term. Management plans to continue to adjust the equipment fleet to reflect business realities;

- Cordy intends to use the anticipated cash flow from operating activities and the proceeds on disposition of equipment and other assets for 2019 to finance working capital requirements, debt repayments and capital expenditures;

- Cordy’s belief that 2019 and into 2020 will continue to be a growth year, this forward-looking statement is based on the assumption that demand for Cordy’s services will continue to improve along with the Western Canadian economy;

- Cordy will also continue to evaluate potential mergers and or business combinations. Cordy cannot give assurances of mergers or combinations being consummated, even though the Corporation has had initial discussion with several companies. Suitable candidates include companies with synergistic operations, stable or increasing revenues, sustainable cash flows and access to capital;

- Cordy will use the anticipated cash flow from operating activity, financing activities, and proceeds from disposition of equipment and other assets in 2019 to finance on-going working capital and repay debt. This assumption is based on Cordy’s belief that its access to cash will exceed its expected requirements;

- Cordy will continue to benefit from our business restructuring initiatives, execute its strategy and achieve its revenue, net profit, and cash flow forecasts for 2019;

- Our customers and potential customers continuing to invest in the oilsands and other resource developments and to outsource activities for which we are capable of providing services;

- Our success will be dependent on managing our business, maintaining and growing customer relationships, obtaining new customers, competing in the bidding process to secure new projects, and identifying and implementing improvements in our maintenance, fleet management practice and the ability to secure financing;

- Cordy’s diversification strategy will continue to bring new customers, grow other service lines and achieve reasonable margins.

Forward looking statements address future events and conditions and, therefore, involve inherent risk and uncertainties. Risk factors, such as those discussed in this MD&A, and other uncertainties could cause actual results to differ materially from those anticipated in such forward-looking statements, such as: Canada's oil and natural gas industry is resource rich but market constrained; the oil and natural gas industry and its supporting oilfield services industry sector will continue to be impacted by price fluctuations for oil and natural gas and related products and services; political and economic conditions; industry competition; Cordy’s ability to attract and retain key personnel; the availability of future debt and equity financing; changes in laws or regulations, including taxation and environmental regulations; and fluctuations in foreign exchange or interest rates and other market factors.

Readers are cautioned that the foregoing factors are not exhaustive. Additional information on these and other factors that could affect the Corporation’s operations and financial results is included in reports on file with securities regulatory authorities in Canada and may be accessed through the SEDAR website (www.sedar.com) or at the Corporation’s website. The forward-looking statements and information contained in this MD&A are expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.