

Q1 2018
Management's
Discussion and Analysis



READER ADVISORY

The Management's Discussion and Analysis ("MD&A") for the three month period ended March 31, 2018 of Cordy Oilfield Services Inc. ("Cordy" or the "Corporation"), prepared as at May 23, 2018, 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 2017 audited Annual Consolidated Financial Statements, the December 31, 2017 MD&A, the unaudited interim condensed consolidated financial statements and related notes as at and for the three months ended March 31, 2018 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.

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The unaudited interim financial statements of Cordy have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

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 May 23, 2018.

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's results for the current quarter were consistent with our expectations and aligned with prior commentary surrounding cautious optimism and increased activity in the oil and gas sector. In the quarter Cordy benefited directly from increased drilling by our major customers and seized additional market share. Despite increased demand, costs continue to deplete already thin margins, increasing fuel prices and changes in labour laws surrounding statutory holidays continue to compile additional expenditures, with little opportunity to increase pricing.

Cordy continues to hold the view that the economic outlook, while not robust, will grow modestly in 2018. Cordy believes that continued pipeline disputes will continue to be a limiting factor to growth in the oil and gas industry. The Company will continue to benefit from increased municipal infrastructure spending; management will continue to focus on its diversification strategy and to seek out opportunities in the municipal market that aligns with management's strategy to build a broader client base in non-oilfield related businesses.

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 we 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)	Three months ended March 31,		
	2018	2017	(\$ Change)
Financial results			
Revenue	5,127	3,694	1,433
Gross Margin ¹	1,086	1,098	(12)
Operating earnings	772	669	103
Net income (loss)	195	(127)	322
Cash generated from operating activities	214	90	124
Share Information			
Net income (loss) per share	-	-	-
Share price	0.02	0.04	(0.02)
Other Information			
Capital expenditures	7	46	(39)

(\$ 000's)	March 31, December 31,		
	2018	2017	(\$ Change)
Financial Position			
Total assets	15,617	15,704	(87)
Total debt obligations (includes current portion)	15,063	15,663	(600)
Total liabilities	16,851	17,133	(282)
Net assets	(1,234)	(1,429)	195

⁽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.

OVERALL PERFORMANCE

For the three month period ended March 31, 2018, Cordy's consolidated revenues increased by \$1.4 million or 39 percent, from the comparative period in 2017. Cordy's consolidated operating earnings increased \$0.1 million or 15 percent from the comparative period.

The Environmental Services segment saw an increase in revenue for the three month period ended March 31, 2018, of \$1.4 million, from the comparative period in 2017. The gradual recovery of commodity prices has resulted in increased capital spending of Environmental's oilfield customers, which in turn has resulted in increased demand for services. As a percentage of revenue, operating earnings was 18 percent in 2018 as compared to 21 percent in 2017.

Cordy's net income was \$0.2 million for the three months ended March 31, 2018, as compared to a net loss of \$0.1 million for the three months ended March 31, 2017, representing a 253% increase over the prior period. Cordy's improving results and reduced borrowing rate continue to improve earnings.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

(\$ 000's)	Three months ended March 31,		
	2018	2017	(\$ Change)
Revenue			
Environmental Services	4,983	3,607	1,376
Heavy Construction	142	74	68
Corporate	2	13	(11)
	<u>5,127</u>	<u>3,694</u>	<u>1,433</u>
Direct operating expenses			
Environmental Services	3,938	2,701	1,237
Heavy Construction	103	(113)	216
Corporate	-	8	(8)
	<u>4,041</u>	<u>2,596</u>	<u>1,445</u>
General and administrative expenses			
Environmental Services	137	132	5
Heavy Construction	-	3	(3)
Corporate	177	294	(117)
	<u>314</u>	<u>429</u>	<u>(115)</u>
Operating earnings			
Environmental Services	908	774	134
Heavy Construction	39	184	(145)
Corporate	(175)	(289)	114
	<u>772</u>	<u>669</u>	<u>103</u>
Depreciation	481	553	(72)
Finance costs	114	276	(162)
Gain on disposal	(18)	(17)	(1)
Share based recovery	-	(16)	16
Earnings (loss) before tax	<u>195</u>	<u>(127)</u>	<u>322</u>
Income tax expense	-	-	-
Net earnings (loss)	<u>195</u>	<u>(127)</u>	<u>322</u>

Revenue

For the three months ended March 31, 2018, Cordy's consolidated revenues increased by \$1.4 million or 39 percent to \$5.1 million as compared to the period ended March 31, 2017. The Environmental segment accounts for the period-over-period increase, specifically Environmental saw increased revenues due to increased demand from oilfield customers. Cordy saw increased activity from our major customers stemming from recovering commodity prices coupled with Cordy's efforts on organic sales growth.

Direct operating expenses ("DOE")

For the three months ended March 31, 2018, consolidated DOE were \$4.0 million as compared to \$2.6 million in the same period of the prior year. As a percentage of revenue DOE increased to 79 percent from 70 percent. The majority of the expenses relate to the Environmental Services segment; where DOE as a percentage of revenue for the Environmental services segment was 79 percent compared to 75 percent in 2017. On a consolidated basis DOE has increased as a percentage of revenue due to increased wage costs due to lack of labour supply, and the negotiation of outstanding Construction payables in 2017.

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 March 31, 2018, G&A was \$0.3 million compared to \$0.4 million for the same period of the prior year. The decrease of \$0.1 million to G&A is due the settlement of an outstanding lawsuit, coupled with cost reduction efforts throughout the organization.

Depreciation

Depreciation was \$0.5 million for the three months ended March 31, 2018 compared to \$0.6 million for the three months ended March 31, 2017. The decrease is due to less depreciation annually based on diminishing balance calculation.

Finance costs

Finance costs were \$0.1 million for the three months ended March 31, 2018 as compared to \$0.3 million for the same period of 2017. Finance costs are lower due to a recovery of interest on the settlement of related party debt, coupled with reduced interest rate on finance leases from 6.0 percent to 5.0 percent.

Gain on disposal

For the three months ended March 31, 2018 the Corporation disposed of property and equipment with a carrying value of \$0.33 million (2017 - \$0.02 million) for proceeds of \$0.35 million (2017 - \$0.04 million) resulting in a gain of \$0.02 million (2017 - \$0.02 million).

Share-based Payments

For the three months ended March 31, 2018 Cordy had no share based payment expense as all options have vested (2017 recovery- \$0.02 million).

OFF-BALANCE-SHEET ARRANGEMENTS

As at March 31, 2018, the Corporation had no off-balance-sheet arrangements (March 31, 2017 – \$nil) except for operating leases previously described in the 2017 MD&A.

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

(\$ millions) (except per share information)	2018		2017			2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	5.1	2.7	2.6	2.1	3.7	2.6	2.3	2.1
Operating earnings	0.8	0.3	0.3	0.2	0.7	0.1	0.3	0.2
Net income (loss)	0.2	(0.3)	(0.4)	(0.5)	(0.1)	(1.0)	(0.7)	(0.9)
Earnings (loss) per share	0.00	0.00	0.00	0.00	0.00	(0.01)	(0.01)	(0.01)
Operating cash flow from (used in) operations	0.2	0.2	0.3	0.2	0.1	(0.3)	0.1	0.1

The following items are key events that occurred in select quarters:

- 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.
- Q3 2017 showed a slight improvement in activity over Q3 2016. A majority of the increase came from the municipal market with Oilfield sales trending slightly higher quarter over quarter. Subsequent to Q3 2017, the Corporation entered into two restated lease agreements, these agreements reduced payments, reduced interest rate and reduce cash flow pressures for 2018.
- Q2 2017 trended consistently with the prior year; historically Q2 is a slower quarter for Cordy based on the seasonality of oilfield work. Cordy continued to closely monitor margins and maintain a tight cost structure.
- Q1 2017 saw consolidated revenue growth of \$1.0 million. This increase can be attributed to a slight increase in oilfield demand from Cordy's major oilfield customers.
- Q4 2016 provided evidence that optimism and a slow recovery of commodity prices are beginning to have an effect on Cordy's revenue. Cordy's Environmental segment showed revenue growth from Q4 2015, and improving margins as Cordy's cost cutting focus began to yield results. During the quarter Cordy also completed a private placement for proceeds of \$1.0 million.
- Q3 2016 trended similar to Q2 2016, Cordy continued to scrutinize all costs while focusing on revenue growth and servicing customers. The downturn coupled with a competitive pricing environment continued to effect demand for Cordy's services. In the quarter Cordy announced a new executive management team and completed a rights offering for proceeds of \$1.3 million.
- Q2 2016 continued to be impacted by the struggling Alberta economy, despite reduced demand for services and pricing pressures, Cordy continued to improve margins and remain competitive in the new market realities.

FINANCIAL RESOURCES AND LIQUIDITY

The 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 the financial statements, then adjustments would be necessary to the carrying values of assets and liabilities.

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

<i>as at March 31, 2018</i> (\$000's)	Environmental Services	Heavy Construction	Corporate	Total
Liquid assets ⁽¹⁾	2,721	237	396	3,354
Current liabilities	2,983	97	154	3,234
Net liquid assets	(262)	140	242	120

<i>as at December 31, 2017</i> (\$000's)	Environmental Services	Heavy Construction	Corporate	Total
Liquid assets ⁽¹⁾	1,971	313	370	2,654
Current liabilities	2,066	109	596	2,771
Net liquid assets	(95)	204	(226)	(117)

⁽¹⁾Liquid assets is a non-IFRS term and is defined as assets quickly converted into cash, and trade and other receivables as defined on page 8.

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 finance lease agreements, reducing the working capital deficit and settling the amount owing to Lyncorp.

The Corporation has recorded net earnings of \$0.2 million for the three months ended March 31, 2018. Earnings and cash flow from operations need to increase further 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.

FINANCIAL MANAGEMENT

<i>Three months ended March 31,</i> (\$ 000's)	2018	2017	\$ Change
Cash generated provided by (used in):			
Operating activities	214	90	124
Financing activities	(681)	(661)	(20)
Investing activities	343	(6)	349
Decrease in cash	(124)	(577)	453

Cash flows from operating activities increased in the three month period ended March 31, 2018 from the same period in 2017 by \$0.1 million due to increased earnings and timing of working capital.

Cash flows used in financing activities remained consistent at \$0.7 million for the three months ended March 31, 2018 and 2017.

Cash flows from investing activities increased in the three month period ended March 31, 2018 from the same period in 2017 by \$0.3 million due to the sale of equipment.

WORKING CAPITAL

Management continues to re-evaluate its available financing options. The Corporation expects to fund its ongoing operations and debt repayments from a combination of cash flow, the refinancing of debt and asset dispositions as needed.

(\$ 000's)	March 31, 2018	December 31, 2017	\$ Change
Cash	156	280	(124)
Loans and finance leases	15,063	15,663	(600)
Net cash	(14,907)	(15,383)	476
Working capital ⁽¹⁾	457	202	255

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

Working capital has increased for the period due to increased sales in the quarter; receivables were \$3.1 million as at March 31, 2018 as compared to \$2.3 million as at December 31, 2017. Despite \$0.8 million increase in receivables, payables only increased \$0.3 million as compared to December 31, 2017. This working capital increase has been partially offset by increased short term finance lease obligations due to Cordy's payment regime with its equipment lender.

LOANS AND BORROWING

(\$ 000's)	March 31, 2018	December 31, 2017
Current liabilities:		
Related party loan payable	-	283
Finance lease obligations	1,446	1,018
Current portion of debt	1,446	1,301
Non-current liabilities:		
Finance lease obligations	13,617	14,362
Non-current portion of debt	13,617	14,362
Total debt obligations	15,063	15,663

The Corporation operates under several finance lease agreements with its equipment lender, the leases consist of consolidated monthly payment of \$140,000, payments reduce in January, February, July and August, reduced payment schedule is a \$5,000 payment in January 2018, \$10,000 payment February 2018, \$10,000 payment July 2018 and \$10,000 payment August 2018. The consolidated monthly payment increases to \$230,000 in September 2018 with a further increase to \$240,000 in July 2019. The leases bear interest at 4.95% 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 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.

TRANSACTIONS WITH RELATED PARTIES

Lyncorp International Ltd ("Lyncorp") is considered a related party; a company wholly-owned by David Mullen, the Chairman and a director of Cordy. Together, David Mullen and Lyncorp hold approximately 13.2% (2017 – 13.2%) of Cordy's outstanding common shares. All of the transactions 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

The Corporation entered into a loan agreement on December 22, 2014 with Lyncorp. The loan bore interest at 15%. During the quarter, the Corporation entered into a settlement agreement with Lyncorp. Pursuant thereto, the Corporation made a payment of \$0.125 million in January 2018, \$0.125 million in March 2018 for full and final settlement of all interest and debt owing to Lyncorp.

Related party transactions (\$ 000's)	March 31, 2018	December 31, 2017
Related party loan payable	-	283

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.

LIQUID ASSETS

Liquid assets are defined as current assets less inventory, prepaid and other assets, and current taxes recoverable. Management believes this is useful as supplemental information to current assets as it specifies assets that are quickly convertible into cash. Readers are cautioned that liquid assets should not be construed as an alternative to current assets in accordance with IFRS. The Corporation's method of calculating liquid assets may differ from that of other companies and accordingly, may not be comparable to measures used by other companies.

As at (\$ 000's)	March 31, 2018	December 31, 2017
Current assets	3,691	2,973
Deduct:		
Inventory	93	91
Prepaid and other assets	244	228
Liquid assets	3,354	2,654

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.

Three months ended March 31, (\$ 000's)	2018	2017
Revenue	5,127	3,694
Deduct:		
Direct operating expenses	4,041	2,596
Gross Margin	1,086	1,098

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, 2017.

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, 2017, 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, 2017 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 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 the remainder of 2018 to finance working capital requirements, debt repayments and capital expenditures, while seeking additional financing.
- Cordy's belief that 2018 will 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 2018 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 2018;
- Our customers and potential customers continuing to invest in the oil sands 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;

Forward looking statements address future events and conditions and, therefore, involve inherent risk and uncertainties. Risk factors and other uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements. 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.