Interim Financial Report

Period Ended March 31, 2017

Q1

Cordy

Oilfield Services Inc.

Interim Condensed Consolidated Statement of Financial Position

(Unaudited) ($000's)	March 31, 2017	December 31, 2016
Assets		
Current assets		
Cash	**706**	1,283
Trade and other receivables (note 5)	**1,729**	1,553
Inventory	**1,243**	1,247
Prepaid and other assets	**310**	300
	3,988	4,383
Non–current assets		
Property and equipment	**13,604**	14,135
Total assets	**17,592**	18,518
Liabilities and equity		
Current liabilities		
Related party loan payable (notes 6 and 7)	**283**	283
Trade and other payables	**2,262**	2,660
Obligations under financing leases (note 6)	**4,110**	2,321
	6,655	5,264
Non–current liabilities		
Obligations under financing leases (note 6)	**11,067**	13,241
	17,722	18,505
Equity		
Share capital	**43,395**	43,395
Share-purchase warrants	**163**	163
Contributed surplus	**7,725**	7,741
Deficit	**(51,413)**	(51,286)
	(130)	13
Total liabilities and equity	**17,592**	18,518

Going concern (note 3)

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 March 31, (unaudited) ($000s except per share amounts)	Three months	
	2017	2016
Revenue	**3,694**	2,737
Expenses		
Direct operating expenses	**2,596**	2,253
General and administrative expenses	**429**	337
Operating earnings	**669**	147
Depreciation expense	**553**	685
Financing expense	**276**	358
Gain on disposal of equipment	**(17)**	-
Share-based recovery	**(16)**	-
	796	1,043
Loss before tax	**(127)**	(896)
Income tax expense	**-**	-
Net loss and comprehensive loss	**(127)**	(896)
Loss per share from (note 8)		
Basic and diluted ($)	**(0.00)**	(0.01)

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 $	Share Purchase Warrants $	Contributed Surplus $	Deficit $	Total $
Balance at January 1, 2016	**85,954**	**41,333**	**-**	**7,502**	**(47,766)**	**1,069**
Loss for the period	-	-	-	-	(896)	(896)
Balance at March 31, 2016	**85,954**	**41,333**	**-**	**7,502**	**(48,662)**	**173**
Balance at January 1, 2017	**206,162**	**43,395**	**163**	**7,741**	**(51,286)**	**13**
Loss for the period	-	-	-	-	(127)	(127)
Share-based recovery	-	-	-	(16)	-	(16)
Balance at March 31, 2017	**206,162**	**43,395**	**163**	**7,725**	**(51,413)**	**(130)**

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

Interim Condensed Consolidated Statement of Cash Flows

For the three months ended March 31, (Unaudited) ($000's)	2017	2016
Cash flows from operating activities		
Net loss:	**(127)**	(896)
Add (deduct) non-cash items:		
Depreciation expense	**553**	685
Gain on disposal of property and equipment	**(17)**	-
Share-based recovery	**(16)**	-
Finance costs	**276**	358
Changes in non–cash w orking capital	**(579)**	322
Cash flow s generated from operating activities	**90**	469
Cash flows from financing activities		
Repayment of related party loan payable	**-**	(101)
Repayment of equipment loans	**-**	(67)
Repayment of financing leases	**(385)**	(287)
Financing expense	**(276)**	(358)
Cash flow s used in financing activities	**(661)**	(813)
Cash flows from investing activities		
Purchase of property and equipment	**(46)**	-
Proceeds on disposal of property and equipment	**40**	1
Cash flow s generated from (used in) investing activities	**(6)**	1
Decrease in cash	**(577)**	(343)
Cash - beginning of the period	**1,283**	876
Cash - end of the period	**706**	533

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 months ended March 31, 2017 and 2016 (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 months ended March 31, 2017 and 2016 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.

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, 2016.

The unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on May 24, 2017.

B. Basis of measurement

The unaudited interim condensed consolidated financial statements were prepared on the historical cost basis.

C. Functional and presentation currency

The consolidated financial statements are presented in Canadian Dollars which is the Corporation's functional and presentation currency.

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 of $0.1 million for the three month period ended March 31, 2017. The Corporation as at March 31, 2017 has cash of $0.7 million and a working capital deficit of $2.7 million. Finance leases were $15.2 million as at March 31, 2017 of which $4.1 million is due within one year, related party loan payable was $0.3 million as at March 31, 2017 and is due within one year.

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 debt 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. 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, 2016.

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.

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

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

	March 31 2017	December 31, 2016
Trade receivables	**1,865**	1,713
Other receivables	**151**	141
Total receivables	**2,016**	1,854
Current	**826**	706
31 – 60 days	**440**	644
61 – 90 days	**311**	147
Over 90 days	**439**	357
	2,016	1,854
Allowance for doubtful accounts	**(287)**	(301)
Total net receivables	**1,729**	1,553

6. LOANS AND OTHER BORROWING

	March 31, 2017	December 31, 2016
Current liabilities		
Related party loan payable (note 7)	**283**	283
Financing lease obligations	**4,110**	2,321
Current portion of debt	**4,393**	2,604
Non-current liabilities		
Financing lease obligations	**11,067**	13,241
Non-current portion of debt	**11,067**	13,241
Total debt obligations	**15,460**	15,845

The Corporation has multiple operating agreements ("the Agreements") with its primary equipment financer that are classified as finance leases for accounting purposes and secured by equipment. The agreements consist of 48 to 60 month terms. Payments are $0.2 million per month, until September 25, 2017, thereafter lease payments increase to $0.6 million per month. The Agreements bear interest at 6.0%. Future discussions will ensue to determine the payment schedule after September 25, 2017.

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.

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7. 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% (2016 – 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 bears interest at 15%. For Q1 2017 interest of $0.01 million was recorded on the loan and included in accounts payable. During the third quarter of 2016 Lyncorp agreed to postpone all payments until the Corporation is in a position to repay.

	March 31 2017	December 31, 2016
Related party loan payable	**283**	283

8. LOSS PER SHARE

The calculation of basic and diluted loss per share at March 31, 2017 was based on the net loss divided by the weighted average number of Common Shares outstanding for the period. Net loss for the three months ended March 31, 2017 was $0.1 million (2016 net loss - $0.9 million). The weighted average number of Common Shares outstanding for the three months ended March 31, 2017 and 2016 was calculated as follows and there were no dilutive securities as the Corporation was in a loss.

Weighted average number of ordinary shares

	Three months ended March 31,	
(000's)	**2017**	2016
Shares outstanding	**206,162**	85,954
Weighted average number of common shares	**206,162**	85,954

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; fiberglass 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.

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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, 2016. 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 month periods ended March 31, 2017 and 2016 is as follows:

Three months ended March 31, 2017	Environmental Services	Heavy Construction	Corporate	Total
Revenue	3,607	74	13	3,694
Operating earnings (loss)	774	184	(289)	669
Net earnings (loss)	12	180	(319)	(127)
Depreciation	525	21	7	553
Capital expenditures	46	-	-	46
Total assets at March 31, 2017	14,893	548	2,151	17,592

Three months ended March 31, 2016	Environmental Services	Heavy Construction	Corporate	Total
Revenue	2,590	130	17	2,737
Operating earnings (loss)	648	(111)	(390)	147
Net earnings (loss)	(273)	(139)	(484)	(896)
Depreciation	632	31	22	685
Capital expenditures	-	-	-	-
Total assets at March 31, 2016	17,665	934	1,986	20,585

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 (1))(2)
Chairman of the Board

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

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

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

CORPORATE OFFICE

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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