Q3 2017
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, 2017 of Cordy Oilfield Services Inc. ("Cordy" or the "Corporation"), prepared as at November 28, 2017, 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 2016 audited Annual Consolidated Financial Statements, the December 31, 2016 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, 2017 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 9 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 8. 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 28, 2017.

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 or Environmental"); 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 or 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

Consistent with the first half of the 2017, Cordy experienced incremental improvement in its results as compared to the previous year. A steady supply of municipal infrastructure projects, as well as an increase in drilling activity, has had a positive impact on our business. Although pricing levels have remained competitive, Cordy's continued focus on costs enabled the company to have a modest increase in revenue during the quarter, without sacrificing operating margin.

For the balance of 2017 we continue to believe that the trends we have experienced in the first nine months remain in place. Revenue is expected to continue to grow; however, the market remains very competitive. Current trends in the oil and gas sector indicate that we are in the early stages of recovery, and although we are still waiting on our major oil and gas clients to release capital budgets, we are optimistic that our underutilized equipment will drive additional revenue growth in 2018.

The Alberta economy continues to exhibit signs of recovery, but the road is slow and gradual. Demand from municipal, industrial and oilfield customers was up in the third quarter stemming from a recovering Alberta economy coupled with Cordy's organic sales efforts.

Subsequent to the quarter end, as outlined in our October 20, 2017, press release, our subsidiary, Environmental Services, entered into two restated lease agreements with its equipment lender, which included an initial fixed interest rate at 4.95% over the first 3 years, no financial covenants or pre-penalty payouts, and an initial payment regime that reflects the cyclical nature of Environmental's business. Furthermore, our lender has indicated it would support additional financing for equipment to support either organic growth or growth through acquisition.

SELECTED FINANCIAL INFORMATION

	Three months ended September 30,			Nine months ended September 30,		
($ 000's except share information amounts)	2017	2016	($) Change	2017	2016	($) Change
Financial results from continuing operations						
Revenue	2,620	2,302	318	8,443	7,136	1,307
Gross Margin[1]	708	651	57	2,383	1,821	562
Operating earnings	347	271	76	1,215	582	633
Net loss	(417)	(719)	302	(1,090)	(2,504)	1,414
Cash generated from operating activities	335	50	285	616	609	7
Share Information						
Share Price	0.02	0.04	(0.02)	0.02	0.04	(0.02)
Loss per share from all operations	0.00	(0.01)	0.01	(0.01)	(0.03)	0.02
Other Information						
Capital expenditures	42	-	42	121	-	121

($ 000's)	September 30, 2017	December 31, 2016	($) Change
Financial Position			
Total assets	15,892	18,518	(2,626)
Total debt obligations (includes current portion)	14,813	15,845	(1,032)
Total liabilities	17,009	18,505	(1,496)
Net assets	(1,117)	13	(1,130)

[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 nine month period ended September 30, 2017, Cordy's consolidated revenues increased by $1.3 million or 18 percent, from the comparative period in 2016. Cordy's consolidated operating earnings increased by $0.6 million or 109 percent from the comparative period.

The Environmental Services segment saw an increase in revenue for the nine months ended September 30, 2017, of $1.3 million, from the comparative period in 2016. The majority of the increase is due to Environmental's first quarter of 2017 that saw an increase in capital spending from Environmental's major oilfield customers. The second quarter saw demand for services remain consistent with prior year and the third quarter saw a slight increase in municipal and oilfield activity. Environmental's operating earnings as a percentage of revenue decreased from 24% to 20% in 2017; this is due to increased repair costs as Cordy readies its fleet in Q3 2017 for the upcoming winter season coupled with a bad debt recovery of $0.15 million and an expense recovery of $0.1 million in 2016.

The Construction segment saw minimal changes in revenue for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016; this is due to the reduced demand for services and minimal activity year over year. Despite minimal activity Cordy saw an increase to operating earnings of $0.5 million from the comparative period in 2016. This is due to negotiation on outstanding payables, coupled with the consolidation of operations to the Environmental location eliminating almost all overhead.

Overall consolidated net loss for the nine months ended September 30, 2017, has improved by $1.4 million or 56 percent from the comparative period in 2016. This improving bottom line is due to improving results, reduced interest rate and diminishing balance calculation of depreciation.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

	Three months ended September 30,			Nine months ended September 30,		
($ 000's)	**2017**	**2016**	**($) Change**	**2017**	**2016**	**($) Change**
Revenue						
Environmental Services	2,457	2,215	242	8,079	6,809	1,270
Heavy Construction	128	84	44	315	305	10
Corporate	35	3	32	49	22	27
	2,620	2,302	318	8,443	7,136	1,307
Direct operating expenses						
Environmental Services	1,896	1,631	265	6,066	4,914	1,152
Heavy Construction	11	39	(28)	(18)	412	(430)
Corporate	5	(19)	24	12	(11)	23
	1,912	1,651	261	6,060	5,315	745
General and administrative expenses						
Environmental Services	137	129	8	396	266	130
Heavy Construction	1	6	(5)	6	24	(18)
Corporate	223	245	(22)	766	949	(183)
	361	380	(19)	1,168	1,239	(71)
Operating earnings (loss)						
Environmental Services	424	455	(31)	1,617	1,629	(12)
Heavy Construction	116	39	77	327	(131)	458
Corporate	(193)	(223)	30	(729)	(916)	187
	347	271	76	1,215	582	633
Depreciation	538	668	(130)	1,660	2,031	(371)
Finance costs	238	333	(95)	760	1,013	(253)
Gain (loss) on disposal	(4)	(5)	1	(75)	58	(133)
Share-based recovery	(8)	(6)	(2)	(40)	(16)	(24)
Loss before tax	(417)	(719)	302	(1,090)	(2,504)	1,414
Income tax expense	-	-	-	-	-	-
Net loss	(417)	(719)	302	(1,090)	(2,504)	1,414

Revenue

For the three months ended September 30, 2017 Cordy's consolidated revenues increased by $0.3 million or 14 percent as compared to the period ended September 30, 2016. A majority of the revenue relates to the Environmental segment, of which operations and profitability (loss) 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. Cordy's revenue for the three months ended September 30, 2017 consisted of 28% oilfield service revenue and 72% municipal and industrial revenue. The increase for the three months ended September 30, 2017 is directly tied to increased demand from municipal, industrial and oilfield customers.

For the nine months ended September 30, 2017, Cordy's consolidated revenues increased by $1.3 million or 18 percent to $8.4 million as compared to the nine months ended September 30, 2017. The Environmental segment accounts for the period-over-period increase, Environmental saw increased revenues due to the increased demand from oilfield customers in the first quarter of 2017 and the aforementioned increased demand from all segments of customers in the third quarter of 2017.

Direct operating expenses ("DOE")

For the three months ended September 30, 2017 consolidated DOE were $1.9 million compared to $1.7 million in the same period of the prior year. As a percentage of revenue DOE increased to 73 percent from 72 percent. The majority of the expenses relate to the Environmental Services segment; where DOE as a percentage of revenue was 77 percent compared to 74 percent in 2016.

The increase is due to proactive repair costs as Cordy readies its fleet in Q3 2017 for the upcoming winter season.

For the nine months ended September 30, 2017, consolidated DOE were $6.0 million compared to $5.3 million in the same period of the prior year. As a percentage of revenue DOE decreased to 72 percent from 74 percent. The majority of the expenses relate to the Environmental Services segment; where DOE as a percentage of revenue was 75 percent compared to 72 percent in 2016. The increase is related to due to an expense recovery recognized in 2016 of $0.1 million coupled along with increased fuel costs. These increases have been offset by the Construction segments expense recoveries and the consolidation of Construction operations to the Environmental location.

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, 2017 and 2016, G&A remained consistent at $0.4 million.

For the nine months ended September 30, 2017 and 2016, G&A remained consistent at $1.2 million. Normalized for a bad debt recovery in 2016 G&A is roughly $0.2 million less than the nine months ended September 30, 2016. The reduction is attributable to reduced costs throughout the Corporation stemming from management's cost cutting initiatives.

Depreciation

Depreciation was $0.5 million for the three months ended September 30, 2017 compared to $0.7 million for the three months ended September 30, 2016 and $1.7 million for the nine months ended September 30, 2017 compared to $2.0 million for the nine months ended September 30, 2016. The decrease is due to less equipment and less depreciation annually due to the diminishing balance calculation of depreciation.

Finance costs

Finance costs were $0.2 million for the three months ended September 30, 2017 compared to $0.3 million for the same period of 2016 and $0.8 million for the nine months ended September 30, 2017 compared to $1.0 million for the same period of 2016. Finance costs are lower due to reduced borrowing amounts coupled with reduced interest rate on finance leases.

OFF-BALANCE-SHEET ARRANGEMENTS

As at September 30, 2017, the Corporation had no off-balance-sheet arrangements (September 30, 2016 – $nil) except for operating leases previously described in the 2016 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

	2017			2016				2015
($ millions) (except per share information)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	2.6	2.1	3.7	2.6	2.3	2.1	2.7	2.9
Operating earnings (loss)	0.3	0.2	0.7	0.1	0.3	0.2	0.2	(1.6)
Net loss	(0.4)	(0.5)	(0.1)	(1.0)	(0.7)	(0.9)	(0.9)	(2.6)
Loss per share	0.00	0.00	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)
Operating cash flow from (used in) operations	0.3	0.2	0.1	(0.3)	0.1	0.1	0.5	2.8

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

- 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 quarter end, 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 continues 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 provides evidence that optimism and a slow recovery of commodity prices are beginning to have an effect on Cordy's revenue. Cordy's Environmental segment shows revenue growth from Q4 2015, and improving margins as Cordy's cost cutting focus begins to yield results. During the quarter Cordy also completed a private placement for proceeds of $1.0 million.

- Q3 2016 trends similar to Q2 2016, Cordy continues to scrutinize all costs while focusing on revenue growth and servicing our customers. The downturn coupled with a competitive pricing environment continues 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 continues to be impacted by the struggling Alberta economy, despite reduced demand for services and pricing pressures, Cordy continues to improve margins and remain competitive in the new market realities.
- Q1 2016 Cordy continues to be impacted by underinvestment in capital projects, infrastructure and drilling programs. This is evidenced by Cordy's reduced revenue; Cordy continues to cut costs and is working towards improving margins despite reduced demand for Cordy's services.
- In Q4 2015 Cordy finalized the consolidation of almost all equipment debt to a single lender, this has resulted in reduced interest rate and more favourable payment terms. An inventory write off of $1.0 million impacted the quarter.

FINANCIAL RESOURCES AND LIQUIDITY

The unaudited interim condensed 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.

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

as at September 30, 2017 *($ 000's)*	Environmental Services	Heavy Construction	Corporate	Total
Liquid assets [1]	1,382	186	634	2,202
Current liabilities [2]	6,598	1,276	525	8,399
Net liquid assets	(5,216)	(1,090)	109	(6,197)

as at December 31, 2016 ($ 000's)	Environmental Services	Heavy Construction	Corporate	Total
Liquid assets [1]	1,415	80	1,341	2,836
Current liabilities	3,078	1,624	562	5,264
Net liquid assets	(1,663)	(1,544)	779	(2,428)

[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.

[2] Current liabilities includes accounts payable, related party loan and current portion of finance leases. As at September 30, 2017 Cordy Environmental's current portion of finance leases was $5.9 million, this amount was negotiated subsequent to quarter end, giving affect to the new payment terms the current liability as at September 30, 2017 reduces to $0.6 million.

The Corporation has recorded a net loss after tax of $1.1 million for the nine month period ended September 30, 2017. The Corporation as at September 30, 2017 has cash of $0.5 million and a working capital deficit of $4.7 million. Finance leases were $14.5 million as at September 30, 2017.

These conditions create material uncertainties 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. There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to the 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.

Subsequent to quarter end, the Corporation entered into two restated lease agreements ("Amended Leases") with its equipment lender which amend the terms of amounts payable under its existing finance leases. The current liability component of the Amended Leases giving effect to the new payment terms reduces from $5.9 million as at September 30, 2017 to $0.6 million.

FINANCIAL MANAGEMENT

Nine months ended September 30 ($ 000's)	2017	2016	$ Change
Cash generated provided by (used in):			
Operating activities	616	609	7
Financing activities	(1,792)	(1,918)	126
Investing activities	341	468	(127)
Decrease in cash	(835)	(841)	6

Cash flows from operating activities remained consistent in the nine month period ended September 30, 2017 from the same period in 2016.

Cash flows used in financing activities decreased by $0.1 million in the nine month period ended September 30, 2017 from the same period in 2016. This is due to decreased interest costs and equipment debt facilities that no longer exist in 2017, offset by Cordy's increased finance lease payment from $0.15 million to $0.23 million in 2017.

Cash flows from investing activities decreased in the nine month period ended September 30, 2017 from the same period in 2016 by $0.1 million as the Corporation purchased several pieces of equipment in 2017.

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, 2017	December 31, 2016	$ Change
Cash	448	1,283	(835)
Loans and finance leases	14,813	15,845	(1,032)
Net cash	(14,365)	(14,562)	197
Working capital (deficit)	(4,716)	(881)	(3,835)

Working capital deficit has increased for the period due to finance lease payments increasing to $0.6 million per month after September 25, 2017.

LOANS AND BORROWING

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 were $219,000 per month, until September 25, 2017, thereafter lease payments were originally set to increase to $0.6 million per month. The Agreements bear interest at 6.0%. During the third quarter the Corporation's equipment financer agreed to forgo July and August lease payments to supplement Cordy's working capital.

Subsequent to quarter end, the Corporation entered into two Amended Leases with its equipment lender which amend the terms of amounts payable under its existing finance leases. The new terms provide for the consolidated monthly payment of $130,000 over the 12 month period commencing September 2017, with no payments in January 2018, February 2018, July 2018 and August 2018. The consolidated monthly payment increases to $220,000 in September 2018 with a further increase to $230,000 in July 2019. The Amended 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%. The Amended Leases were executed on October 20, 2017 with an effective date of August 25, 2017; the initial payment under the new leases was made September 25th, 2017.

The current liability component of the Amended Leases giving effect to the new payment terms reduces from $5.9 million to $0.6 million.

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.

($ 000's)	September 30, 2017	December 31, 2016
Current liabilities:		
Related party loan payable	283	283
Current portion of finance lease obligations	5,920	2,321
Current portion of debt	6,203	2,604
Non-current liabilities:		
Finance lease obligations	8,610	13,241
Non-current portion of debt	8,610	13,241
Total term debt obligations	14,813	15,845

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.

Related party loan payable

The Corporation entered into a loan agreement on December 22, 2014 with Lyncorp. The loan bears interest at 15%. For Q2 2017 interest of $0.02 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.

Related party transactions ($ 000's)	September 30, 2017	December 31, 2016
Related party loan payable	283	283
Interest accrued (included in accounts payable)	31	-

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)	September 30, 2017	December 31, 2016
Current assets	3,683	4,383
Deduct:		
Inventory	1,244	1,247
Prepaid and other assets	237	300
Liquid assets	2,202	2,836

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.

Periods ended September 30,	Three Months		Nine Months	
($ 000's)	2017	2016	2017	2016
Revenue	2,620	2,302	8,443	7,136
Deduct:				
Direct operating expenses	1,912	1,651	6,060	5,315
Gross Margin	708	651	2,383	1,821

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, 2016.

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, 2016, 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, 2016 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 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 2017 to finance working capital requirements, debt repayments and capital expenditures, while seeking additional financing.

- 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.

Readers are cautioned that expectations, estimates, projections and assumptions used in the preparations of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward looking statements. With respect to forward looking statements, Cordy has made the following assumptions:

- Cordy will use the anticipated cash flow from operating activity, financing activities, and proceeds from disposition of equipment and other assets in 2017 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 2017;

- 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;

- Any under-utilized owned equipment across all business segments will be sold to increase cash flow and maintain positive utilization;

- 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.