

Q1 2021  
Management's  
Discussion and Analysis



## READER ADVISORY

The Management's Discussion and Analysis ("MD&A") for the three month period ended March 31, 2021 of Cordy Oilfield Services Inc. ("Cordy" or the "Corporation"), prepared as at May 20, 2021, 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 2020 audited Annual Consolidated Financial Statements, the December 31, 2020 MD&A, the unaudited interim condensed consolidated financial statements and related notes as at and for the three months ended March 31, 2021 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.

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 20, 2021.

## 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.

## SELECTED FINANCIAL INFORMATION

(\$ 000's)	Three months ended March 31,		
	2021	2020	(\$ Change)
Financial results			
Revenue	6,497	7,646	(1,149)
Gross Margin <sup>(1)</sup>	1,327	1,777	(450)
Operating earnings <sup>(2)</sup>	746	1,446	(700)
Net income	(157)	871	(1,028)
Cash generated from (used in) operating activities	1,217	(1,206)	2,423
Share Information			
Net income per share	-	-	-
Share price	0.030	0.015	0.015
Other Information			
Capital expenditures	1,020	4,493	(3,473)

(\$ 000's)	March 31,	December 31,	(\$ Change)
	2021	2020	
Financial Position			
Total assets	18,466	17,560	906
Total debt obligations (includes current portion)	17,231	16,570	661
Total liabilities	20,288	19,225	1,063
Net assets	(1,822)	(1,665)	(157)

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

<sup>(2)</sup> Operating earnings is a non-IFRS term and is defined as earnings before interest, taxes, depreciation, amortization, see reconciliation on page 8 of this document.

## OVERALL PERFORMANCE

The first quarter of 2021 included multiple challenges. Most notably, risk and uncertainty surrounding the ongoing COVID-19 pandemic ("COVID-19") continued to impact spending of customers in the oil and gas industry, which saw drilling activity, on a rig released basis, drop over 30% compared to Q1-2020. Additionally, in early January, the announcement of new workforce restrictions caused several major projects significant delays when retuning to work after the holiday season.

The decrease in activity described above had a direct impact on Cordy's top line revenue, while exposure to the unanticipated delays on certain major projects, caused cost overruns that put strain on the Company's first quarter margins.

### **First Quarter Financial Summary:**

For the three month period ended March 31, 2021, Cordy's consolidated revenues decreased by 15 percent, from the comparative period in 2020. Cordy's consolidated operating earnings decreased \$0.7 million or 48 percent from the comparative period. Cordy's net loss was \$0.2 million for the three months ended March 31, 2021, as compared to net income of \$0.9 million for the three months ended March 31, 2020, representing a 118% decrease over the prior period.

As a percentage of revenue, operating earnings decreased to 11 percent of revenue in 2021 as compared to 19 percent in 2020.

The Canadian Emergency Wages Subsidy ("CEWS") for the three months ended March 31, 2021 was \$0.6 million where

- \$0.5 million was recognized as reduction to Direct Operation Expenses ("DOE"); and
- \$0.1 million was recognized as reduction to general and administrative ("G&A") expenses.

## ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

(\$ 000's)	Three months ended March 31,		
	2021	2020	(\$ Change)
<b>Revenue</b>			
Environmental Services	6,461	7,490	(1,029)
Heavy Construction	36	149	(113)
Corporate	-	7	(7)
	<u>6,497</u>	<u>7,646</u>	<u>(1,149)</u>
<b>Direct operating expenses</b>			
Environmental Services	5,140	5,798	(658)
Heavy Construction	30	71	(41)
Corporate	-	-	-
	<u>5,170</u>	<u>5,869</u>	<u>(699)</u>
<b>General and administrative expenses</b>			
Environmental Services	297	130	167
Heavy Construction	1	-	1
Corporate	283	201	82
	<u>581</u>	<u>331</u>	<u>250</u>
<b>Operating earnings<sup>(1)</sup></b>			
Environmental Services	1,024	1,562	(538)
Heavy Construction	5	78	(73)
Corporate	(283)	(194)	(89)
	<u>746</u>	<u>1,446</u>	<u>(700)</u>
Depreciation	588	465	123
Finance costs	315	110	205
Gain on disposal	-	-	-
<b>Earnings before tax</b>	<u>(157)</u>	<u>871</u>	<u>(1,028)</u>
<b>Income tax expense</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net earnings</b>	<u>(157)</u>	<u>871</u>	<u>(1,028)</u>

<sup>(1)</sup> Operating earnings 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 March 31, 2021, Cordy's consolidated revenue decreased by 15 percent as compared to the same period ended March 31, 2020. The decrease was driven by an approximate 30 percent (rig released) decrease in oil and gas drilling activity in Canada compared to 2020. Oilfield service is a strong contributor to the Company's first quarter operations and therefore exposes it to economic uncertainty, such as COVID-19, that results in significant cuts in oil and gas spending and creates a more competitive pricing environment. The steps Cordy has taken to diversify its services, including its recently formed indigenous partnership in B.C., helped mitigate its exposure to the decrease in oil and gas spending in Q1.

### Direct operating expenses ("DOE")

For the three months ended March 31, 2021, consolidated DOE were \$5.2 million as compared to \$5.9 million in the same period of the prior year. As a percentage of revenue DOE increased to 80 from 77 percent in 2020 which relates primarily to the Environmental Services segment. The increase in DOE expense, as a percentage of revenue, can be attributed to more competitive pricing on oilfield services work and unanticipated costs from COVID-19 related project restrictions on non-oilfield projects. The impact of the aforementioned DOE increases was partially offset by CEWS support.

### 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, 2021, G&A was \$0.6 million compared to \$0.3 million for the same period of the prior year. The increase of \$0.3 million to G&A is directly related to the increase in the number of executive employees, with the addition of a COO and CFO, at the corporate level, as well as the addition of key employees from the Platinum North Resources Ltd. and Heart River Holdings acquisition at the end of the first quarter in 2020.

### Depreciation

Depreciation increased to \$0.6 million for the three months ended March 31, 2021 compared to \$0.5 million in 2020. The increase in depreciation is predominately related to the asset acquisition in Q1-2020, where the Company added \$4.5 million to the net book value ("NBV") to the Corporation's depreciable assets.

### Finance costs

Finance costs were \$0.3 million for the three months ended March 31, 2021 as compared to \$0.1 million for the same period of 2020. Finance costs are higher due to the additional interest and finance costs associated with accumulating an additional \$3.5 million of debt which was used for the aforementioned asset acquisition as well as additional interest from carrying a higher balance on the Corporations line of credit ("LOC").

## 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

(\$ 000's) (except per share information)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	6,497	5,732	3,084	2,114	7,646	3,552	3,644	3,644
Operating earnings <sup>(1)</sup>	746	869	560	432	1,446	(111)	550	407
Net (loss) income	(157)	99	(326)	(577)	871	(818)	(39)	93
Earnings (loss) per share	-	-	-	-	-	-	-	-
Cash flow from (used in) operations	1,217	(275)	127	3,017	(1,206)	875	582	545

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

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

- Q1 2021 Cordy's Environmental Services maintained its market share with its oilfield customers in addition to expanding Cordy's opportunities in B.C. with its indigenous partner
- Q4 2020 saw an increase in revenues as oilfield customers reactivated drilling programs early in the fourth quarter
- Q3 2020 and Q2 2020 saw a significant drop in revenue resulting from the unprecedented impact the COVID-19 pandemic, and related shut-down of the Canadian economy, had on demand for the company's services. A corresponding drop in Operating earnings was mitigated by the CEWS
- Q1 2020 Cordy's Environmental Services segment achieved significant gains in market share resulting in a 48% increase in revenue over the same period in 2019
- Q4 2019 was impacted by higher than normal repair and maintenance expense. Repairs and maintenance is seasonally high in Q4 as Cordy readied its fleet for the busy winter drilling season.
- 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.

## OUTLOOK

The risk and uncertainties around the immediate and prolonged effects of COVID-19 remain as demonstrated by the decrease in revenue and, margin compression, realised by Cordy in the first quarter as compared to 2020. The Company will continue to face COVID-19 related challenges as it navigates economic fallout from the government restrictions, the availability and uptake of vaccinations, and stricter lock downs, due to COVID-19 case surges.

As the Company progresses through its second quarter, the risks and uncertainty around COVID-19 remain front and center. Western Canada, particularly Alberta, has seen a surge in COVID-19 cases (the "Third Wave") and a new level of aggressive restrictions to flatten the curve.

Over the near term, despite contending with challenges associated with the Third Wave, Management sees existing projects continuing to progress through the second quarter and contributing to a year-over-year improvement compared to Q2-2020. With the availability of vaccinations and vaccination uptake continuing to increase, coupled with aggressive restrictions now in place, the Third Wave will subside. The Company is optimistic that its current projects will continue, and the year-over-year improvement it's forecasting in Q2 will continue through the third quarter.

Visibility into the fourth quarter and beyond is still highly variable, but the Company is seeing optimism from its Oil and Gas customers, suggesting an increase in spending for the balance of 2021 and 2022 winter drilling season.

Management continues to evaluate its growth opportunities and access to growth capital, while aggressively managing its costs and focusing on the health and safety of its employees, contractors, and customers, ensuring it is doing its part in mitigating the spread, and limiting the impact of COVID-19.

## 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.

Although the debts of the Corporation contain no financial covenants, its ability 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 economic conditions that will exist over the next twelve months. The overall impact and influence these conditions will have on demand for the Company's services, remains highly uncertain and is directly correlated to the impact it has on the capital spending of the Company's customers.

Management has taken several steps, including revising the terms of its lease and lending agreements, and participating in various government emergency relief programs, to improve its short-term liquidity. 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.

As at March 31, (\$ 000's)	2021	2020	\$ Change
Borrowing capacity	4,340	2,332	2,008
Drawings on credit facility	2,759	2,332	427
Available credit facility	1,581	-	1,581

The Corporation revised certain terms of its line of credit agreement in 2020, held with a private lender (the "Lender"), pursuant to which it may borrow up to an amount totalling 90% of eligible receivables (the "Maximum Amount"), on a revolving basis (the "the Revised Credit Facility"). As at March 31, 2021 Cordy had drawn \$2.8 million, or 64% of eligible receivables, leaving a remaining amount available under the Revised Credit Facility of approximately \$1.6 million.

## FINANCIAL MANAGEMENT

Three months ended March 31, (\$ 000's)	2021	2020	\$ Change
Cash generated provided by (used in):			
Operating activities	1,217	(1,205)	2,422
Financing activities	(675)	959	(1,634)
Investing activities	-	(151)	151
Increase (decrease) in cash	542	(397)	939

Cash flows from operating activities increased in the three-month period ended March 31, 2021 from the same period in 2020 by \$2.4 million due to a positive change to working capital stemming from timing differences of collection and payments.

Cash flows from financing activities decreased by \$1.6 million in the three month period ended March 31, 2021 from the same period in 2020. The decrease is from higher repayment of lease liabilities of the Revised Leases and higher interest costs associated from carrying a higher LOC balance.

Cash flows from investing activities increased in the three month period ended March 31, 2021 from the same period in 2020 by \$0.1 million due to no cash costs associated the asset acquisition completed during Q1 2020.

Management will continue 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 existing lending arrangements and asset dispositions as needed.

(\$ 000's)	March 31, 2021	December 31, 2020	\$ Change
Cash	542	-	542
Loans and leases	17,231	16,570	661
Net debt	(16,689)	(16,570)	(119)
Working capital <sup>(1)</sup>	(3,404)	(2,862)	(542)

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

Working capital decreased by \$0.6 million compared to December 31, 2020. Material items that impacted working capital are as follows:

- an increase of bank indebtedness of \$0.4 million;
- an increase in trade and other payables of \$0.4 million;
- an increase in current lease liabilities of \$0.2 million; and
- an increase in cash of \$0.5 million.

## LOANS AND BORROWING

	March 31, 2021	December 31, 2020
Current liabilities		
Bank indebtedness	2,759	2,371
Related party note payable	750	750
Lease obligations - equipment and vehicles	2,535	2,327
Lease obligations - office and shop	386	368
Current portion of debt	6,430	5,816
Non-current liabilities		
Lease obligations	10,491	10,173
Lease obligations - equipment and vehicles	310	581
Non-current portion of debt	10,801	10,754
Total debt obligations	17,231	16,570

### Bank indebtedness

In 2020, the Corporation revised certain terms of its line of credit agreement, financed through a private lender (the "Lender"), which provides the Corporation with increased financial flexibility throughout the COVID-19 pandemic. The revised terms with the Lender allow the Corporation to borrow up to an amount totalling 90% of eligible receivables (the "Maximum Amount"), on a revolving basis ("the Revised Credit Facility"). As at March 31, 2021 Cordy had drawn \$2.8 million, or 64% of eligible receivables, leaving a remaining amount available under the Revised Credit Facility of approximately \$1.6 million.

The key terms of the Revised Credit Facility are as follows:

- General Security Agreement ("GSA") that grants the Lender a continuing security interest in all present and after acquired property of Cordy and its subsidiaries;
- interest at Bank of Canada prime rate plus 4% per annum; and
- payable on demand at the request of the Lender.

### Related party note payable

On March 18, 2020, as partial consideration for the acquisition of the assets and business of Platinum North Resources Ltd. (the "Transaction"), the Corporation issued a promissory note to 1279107 AB Ltd. ("107") for \$0.75 million (the "Note"). The Note bears interest at 5.0%, payable monthly, with an amended maturity date of December 31, 2021. The Note is secured by a GSA on all present and after-acquired personal property; subordinate to security held by the Lender. 107 is considered a related party; being wholly-owned by Craig Heitrich ("Heitrich"), the Chief Operating Officer ("COO") of Cordy. At the time of the Transaction Cordy, Heitrich, and 107 were considered arm's length parties.

### Lease obligations – equipment and vehicles

During Q2-2020, the Company consolidated and revised certain terms of its leases with the Company's equipment lender (the "Revised Leases"). The Revised Leases consist of three leases, which bear interest at fixed rates of 6.45% to 6.95% and contain terms of 36 months (\$0.6 million), 48 months (\$3.0 million) and 60 months (\$9.4 million) respectively. The Revised Leases consist of consolidated monthly payments, including interest, of \$0.3 million. All future payments are subject to change as the Corporation has the option, with no early payment penalties or fees, 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 an amended maturity date of August 2022.

### 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.

Three months ended March 31, (\$ 000's)	2021	2020
Revenue	6,497	7,646
Deduct:		
Direct operating expenses	5,170	5,869
Gross Margin	1,327	1,777

### 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 March 31, (\$ 000's)	2021	2020
Net earnings	(157)	871
Add (deduct):		
Depreciation expense	588	465
Financing expense	315	110
Loss (gain) on disposal of equipment	-	-
Operating earnings	746	1,446

### 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, 2020.

## 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, 2020, which is available at [www.sedar.com](http://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, 2020 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’s ability to deploy its people and equipment to achieve a reasonable return on investments over the long-term.
- Cordy’s ability to continue to adjust the equipment fleet to reflect business realities and its belief that a market for any underutilized equipment will continue at prevailing market rates.
- 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 2021 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 revised revenue, net profit, and cash flow forecasts for 2021;
- 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; specifically that its municipal and reclamation service lines will benefit from increased spending on infrastructure and environmental remediation projects.

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](http://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.

#### **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](http://www.sedar.com).