Cordy Oilfield Services Inc.
Reports Second Quarter 2020 Results

CALGARY, CANADA – August 27th, 2020

CORDY OILFIELD SERVICES INC. (the “Corporation” or “Cordy”) (CKK: TSX-V) released today its second quarter 2020 results.

	Three months ended June 30,			Six months ended June 30,		
($ 000's)	**2020**	**2019**	**($) Change**	**2020**	**2019**	**($) Change**
Revenue						
Environmental Services	2,043	3,478	(1,435)	9,533	8,504	1,029
Heavy Construction	63	161	(98)	212	291	(79)
Corporate	8	5	3	15	5	10
	2,114	3,644	(1,530)	9,760	8,800	960
Direct operating expenses						
Environmental Services	1,320	2,721	(1,401)	7,117	6,474	643
Heavy Construction	26	81	(55)	98	152	(54)
Corporate	-	-	-	-	-	-
	1,346	2,802	(1,456)	7,215	6,626	589
General and administrative expenses						
Environmental Services	114	198	(84)	243	303	(60)
Heavy Construction	1	-	1	1	1	-
Corporate	221	237	(16)	423	491	(68)
	336	435	(99)	667	795	(128)
Operating earnings (loss)						
Environmental Services	609	559	50	2,173	1,727	446
Heavy Construction	36	80	(44)	113	138	(25)
Corporate	(213)	(232)	19	(408)	(486)	78
	432	407	25	1,878	1,379	499
Depreciation	652	496	156	1,117	992	125
Finance costs	357	215	142	467	400	67
Gain (loss) on disposal	-	(397)	397	-	(397)	397
Share-based recovery	-	-	-	-	-	-
Earnings (loss) before tax	(577)	93	(670)	294	384	(90)
Income tax expense	-	-	-	-	-	-
Net earnings (loss)	(577)	93	(670)	294	384	(90)

Second Quarter Financial Summary:

- Revenue for the three and six months ended June 30th, 2020 down 42 percent for the quarter but still up 11% for the year;
  - total revenue of $2.1 million for the quarter, a decrease of $1.5 million, or 42 percent compared to $3.6 million in 2019;
  - total revenue of $9.8 million for the first half, an increase of $1.0 million, or 11 percent compared to $8.8 million in 2019;

- Operating earnings for the three and six months ended June 30, 2020 no change on the quarter and up 36% for the year;
  - total operating earnings of $0.4 million for the quarter, no change compared to $0.4 million in 2019;
  - total operating earnings of $1.9 million for the first half, an increase of $0.5 million, or 36% compared to $1.4 million in 2019;
- Net (loss) earnings for the three and six months ended June 30, 2020 down on the quarter and down 23 percent on for the year;
  - net loss of ($0.6) million for the quarter, a decrease of $0.7 million, compared to net earnings of $0.1 million in 2019
  - net earnings of $0.3 million for the first half, a decrease of $0.1 million, or 23% compared to $0.4 million in 2019
- Received $0.5 million from Canadian Emergency Wages Subsidy ("**CEWS**") during the quarter;
  - $0.4 million recognized as reduction to Direct Operation Expenses ("**DOE**")
  - $0.1 million recognized as a reduction to general and administrative ("**G&A**") expense

Financial Position / Liquidity:

- consolidated and revised the terms of its equipment leases reducing its current portion of lease liability by $0.2 million;
- increased the borrowing amount under its credit facility from 50% up to an amount totalling 90% of eligible receivables, improving the Corporations short-term liquidity.
- generated $3.0 million of funds from operations during the quarter.

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OVERALL PERFORMANCE

The second quarter of 2020 will not soon be forgotten, as it presented the business with some of its toughest challenges to date. Most notably, the global spread of COVID-19 created unprecedented uncertainty and volatility in the oil and gas industry, particularly in the Western Canadian Sedimentary Basin. The demand for oil significantly deteriorated, as non-essential business around the globe, came to a grinding halt, and swiftly drove pricing into uneconomical territory, impacting the capital programs that drive a significant portion of Cordy's business. Compounding the crisis, the Company had to quickly redesign its day to day business model, implementing new health and safety protocols, to mitigate the risk of contracting or spreading COVID-19 for our people, our customers, and their families.

Despite the challenges, Cordy was able to manage through, what it believes was, the toughest stretch of 2020. The reopening of the economies around the globe has resulted in a return of oil and gas pricing to economical levels, and general business activity has started to slowly rebound as businesses and customers, adapt to the new rules of doing business in the COVID-19 era.

OUTLOOK

In terms of Cordy's business, the worst of the economic impact of COVID-19 appears to have passed. Specifically, as global economies have re-opened, commodity prices have rebounded from the severe lows experienced during the height of the shut down, and there is some optimism that the oilfield industry in western Canada will gradually increase activity in the new year. While this still presents challenges for the Company, there appears to be some light at the end of the tunnel.

In Alberta, as government imposed business and social restrictions were lifted, general business activity, in the municipal and industrial spaces, began to slowly improve. The Company's municipal and industrial customers went back to work and demand for our services is gradually increasing. Despite the risks still associated with the pandemic, Cordy is hopefully that the current trend will continue.

During the balance of the 2020 the company anticipates business continuing to be a challenge, particularly on the energy services side of the business, which generated approximately 40% of the Company's revenue in the second half of 2019. Although there is optimism for the new year, activity will remain depressed for the balance of 2020.

Despite the negative outlook on the drilling front for the second half of 2020, Cordy's diversification focus, growing both the industrial and municipal service side of the business, continues to provide the company with opportunity. As part of its post COVID-19 recovery plan to stimulate the economy, the Alberta government has announced $10 billion in infrastructure stimulus packages, which the Premier has called the 'largest infrastructure build in provincial history". The announced infrastructure projects will require the types of support services Cordy provides.

In the near term, the Company continues to be reliant on government support payments to fund its operations. The Company is uncertain about the extent these programs will be available in the future, or whether the opportunities available to the company will materialize before the dissolution of these programs.

For the balance of 2020, and the foreseeable future, Cordy will continue to aggressively manage costs, while continuing to focus on the health and safety of its employees, contractors, and customers, ensuring it is doing its part in mitigating the spread of COVID-19.

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Oilfield Services Inc.