MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2014

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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated November 6, 2014, should be read in conjunction with the cautionary statement regarding forward-looking information and statements below, as well as the audited consolidated financial statements and notes thereto, for the years ended December 31, 2013 and 2012. The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in the following MD&A are in Canadian dollars unless otherwise stated. References to "McCoy," "McCoy Global," "the Corporation," "we," "us" or "our" mean McCoy Global Inc. and its subsidiaries, unless the context otherwise requires. Additional information relating to McCoy Global, including periodic quarterly and annual reports and Annual Information Forms ("AIF"), filed with Canadian securities regulatory authorities, is available on SEDAR at sedar.com and our website at mccoyglobal.com.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "objective", "ongoing", "believe", "will", "may", "projected", "plan", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. In particular, this MD&A contains:

Forward-looking statements relating to:

- McCoy Global's acquisition strategy;
- the future development and growths prospects for the Corporation;
- the business strategy of the Corporation; and
- the competitive advantage of the Corporation.

Forward-looking statements respecting:

- the business opportunities for the Corporation are based on the views of management of the Corporation and current and anticipated market conditions; and
- the perceived benefits of the growth strategy and operating strategy of the Corporation are based upon the financial and operating attributes of the Corporation as at the date hereof, as well as the anticipated operating and financial results.

Other forward-looking statements regarding the Corporation are located in the documents incorporated by reference in this MD&A and are based on certain key expectations and assumptions of the Corporation concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on market conditions and potential timing delays. Although management of the Corporation consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in the forward-looking statements, including those set out below and those detailed elsewhere in this MD&A:

- inability to meet current and future obligations;
- inability to complete strategic acquisitions;
- inability to implement the Corporation's business strategy effectively;
- access to capital markets;
- fluctuations in oil and gas prices;
- fluctuations in capital expenditures of our target market;
- competition for, among other things, labour, capital, materials and customers;
- interest and currency exchange rates;
- technological developments;
- global political and economic conditions;
- global natural disasters or disease
- inability to attract and retain key personnel.

Readers are cautioned that the foregoing list is not exhaustive.

The reader is further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These judgments and estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

The information contained in this MD&A, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Corporation. We urge you to carefully consider those factors.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Corporation does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

DESCRIPTION OF ADDITIONAL GAAP MEASURES AND NON-GAAP MEASURES

Throughout this MD&A, management uses measures which do not have a standardized meaning as prescribed by IFRS and therefore are considered to be additional GAAP measures presented under IFRS.

EBITDA is an additional GAAP measure presented under IFRS defined as "net earnings from continuing operations, before finance charges (net), income tax expense, depreciation, and amortization."

Adjusted EBITDA is a non-GAAP measure defined as "net earnings from continuing operations before finance charges (net), income tax expense, depreciation, amortization, impairment losses, net changes in fair value related to derivative financial instruments and share-based compensation".

The Corporation reports on EBITDA and adjusted EBITDA because they are key measures used by management to evaluate performance. Adjusted EBITDA is used in making decisions relating to distributions to shareholders and is used in monitoring compliance with debt covenants. The Corporation believes adjusted EBITDA assists investors in assessing McCoy Global's performance on a consistent basis without regard to impairment losses, net changes in fair value related to derivative financial instruments, depreciation, amortization and share-based compensation expense, which are non-cash in nature and can vary significantly depending on accounting methods or non-operating factors.

Adjusted EBITDA is not considered an alternative to net earnings in measuring McCoy Global's performance. Adjusted EBITDA does not have a standardized meaning and is therefore not likely to be comparable to similar measures used by other issuers. However, McCoy Global calculates adjusted EBITDA consistently from period to period. Adjusted EBITDA should not be used as an exclusive measure of cash flow since it does not account for the impact of working capital changes, capital expenditures, debt changes and other sources and uses of cash, which are disclosed in the consolidated statement of cash flows.

OUTLOOK AND FORWARD-LOOKING INFORMATION

McCoy Global recently achieved several significant milestones to advance its strategic objectives.

The divestiture of the Coatings and Hydraulics division was the final step in achieving the goal of being solely focused on becoming the global leader in tubular make-up and handling equipment solutions. The proceeds from the Coatings and Hydraulics divestiture, as well as Mobile Solutions in the second quarter of 2014, have significantly strengthened McCoy Global's cash position. As at September 30, 2014, McCoy Global has $32.5 million in cash and access to a $50 million committed senior credit facility, which provides the Corporation with significant flexibility for 2015 and beyond. Divesting of the non-core operations was the culmination of significant efforts which have, and will continue to, provide incremental shareholder value. The sole focus of management and growth capital will now be on operating the core business.

The establishment of another global sales and service location in the Jebel Ali Free Zone (Dubai, United Arab Emirates) represents another significant milestone in McCoy Global's strategic initiative to increase its regional market presence. The Middle East Region ("MER") has been a very important market for McCoy Global. Along with Aberdeen and Singapore, the Jebel Ali Free Zone operation solidifies the Corporation's presence in the Eastern Hemisphere and provides a physical platform to grow McCoy Global's presence in the region.

McCoy Global's new product development team achieved two significant milestones, demonstrating the ability of the group to bring new innovative products to market. The weBUCK™ is on schedule for commercialization in the fourth quarter of 2014. In addition, the weHOLD™ passed several key engineering and design tests and is now ready for field testing. These tools have many advantages over conventional technologies and position McCoy Global to meet the safety, environmental and operational demands of its customers.

The Corporation had a solid third quarter, recording $38.3 million in revenue and $8.0 million in adjusted EBITDA. Adjusted EBITDA, as a percentage of revenue, was 21%. The Corporation's current level of backlog should support stable financial performance through the fourth quarter of 2014.

At the present time, 2015 presents some uncertainty as oil prices have recently declined. If oil prices remain depressed or continue to erode, customers may delay or cancel capital equipment orders. Most customers are currently in the process of approving 2015 capital budgets which, once approved, will provide clearer visibility for McCoy Global's 2015 outlook. In addition, there remains geopolitical tension in both Russia and parts of the Middle East as well as concerns about the Ebola outbreak in Africa. These impacted regions were all anticipated to be strong growth opportunities during 2015.

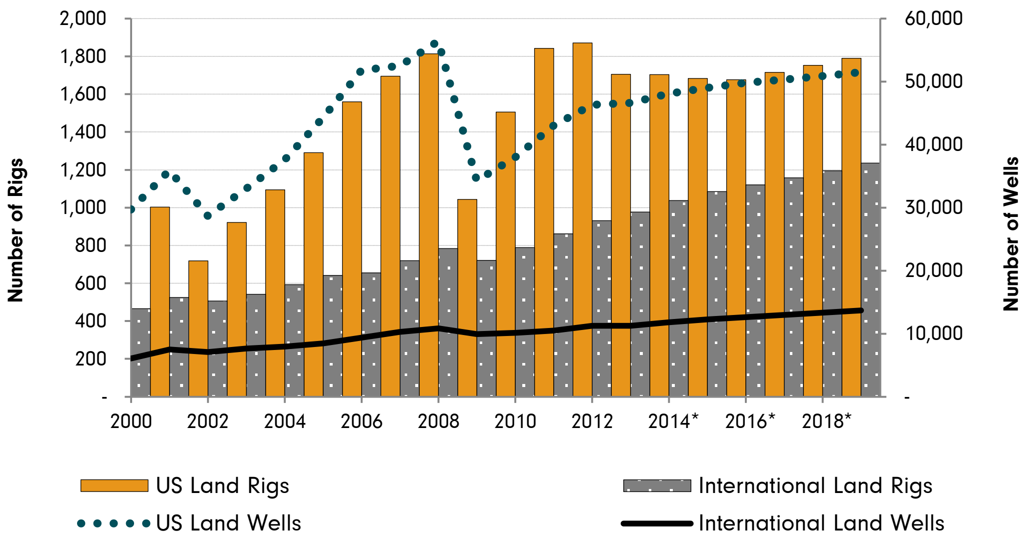
Although market uncertainty exists, McCoy Global has continued to experience strong levels of quoting activity. International and offshore customers typically have longer planning timeframes and larger projects with greater complexity, and thus tend to be less impacted by short-term fluctuations in the price of oil and gas. The opening of regional sales and service locations provides McCoy Global with further opportunities to drive incremental revenue generation. In addition, investments made to increase lifecycle revenues (consumables, replacement parts, technical service and rental) and to bring to market new or enhanced products, position McCoy Global well to meet the challenges and opportunities of 2015 and beyond. These investments will result in long term value to customers, employees and shareholders alike.

MARKET CONDITIONS

Rig and well counts

McCoy Global's customers increase or decrease their spending on capital equipment in response to changes in drilling activity. Capital expenditures made by customers increase revenue for McCoy Global; rig counts and well counts are two indicators of future capital requirements.

A summary of historical and forecasted rig and well counts is as follows[1]:



McCoy Global's focus on growing internationally offers geographic diversification, increased revenue opportunities and stability to the North American land market activity swings which have historically been subject to cyclicality during the highs and lows of oil and gas prices. Many of McCoy's international offshore and deep-water Gulf of Mexico customers have longer planning timeframes and typically larger and more complex projects. This has resulted in demand for higher specification tubular solutions which are less impacted by short-term fluctuations in the price of oil and gas. In addition, McCoy's international customers will now be able to take advantage of regional support which the Corporation anticipates will increase lifecycle revenues outside of North America.

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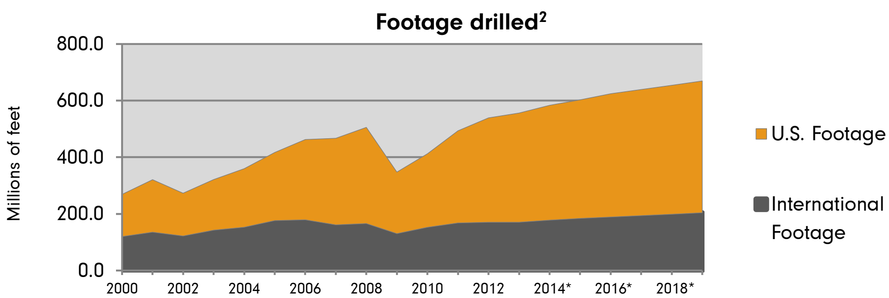
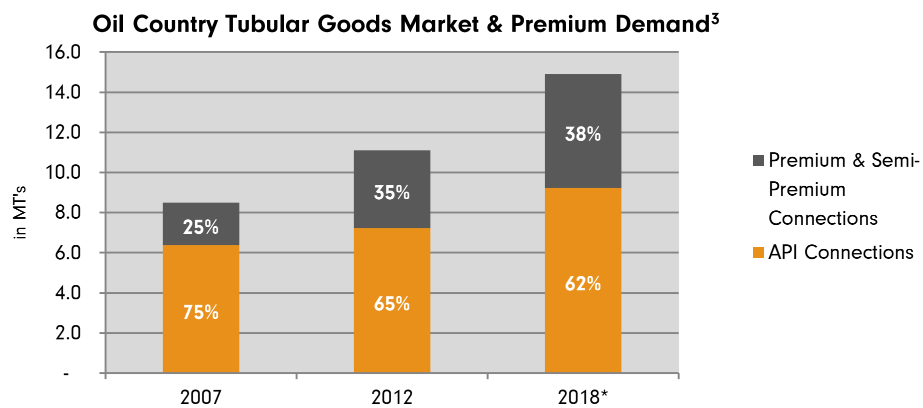
[1]Spears & Associates *Drilling and Production Outlook*, December 2013
*Estimated

Footage drilled

Unconventional drilling continues to grow around the world. This has begun to result in more complex well construction and the increased use of premium connections. Investments made in new product development have increased the Corporation's capabilities of producing high specification tubular make-up products and well position McCoy to meet the technological challenges faced by customers in unconventional markets.

A summary of historical and forecasted footage drilled as well as premium connection demand is set out below[2]:





Backlog

Backlog is a measure of the amount of customer orders the Corporation has outstanding and is therefore an indicator of a base level of future revenue potential. Backlog is not a GAAP measure and, as a result, the definition and determination of backlog will vary among other issuers reporting a backlog figure.

McCoy defines backlog as work that has a high certainty of being performed and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order. Customers may default on or cancel such commitments, but many are secured by a deposit and/or require reimbursement by the customer upon default or cancellation. Backlog reflects likely future revenues; however, cancellations or reductions may occur and there can be no assurance that backlog amounts will ultimately be realized as revenue, or that the Corporation will earn a profit on backlog work. Expected delivery dates for orders recorded in backlog usually span from one to six months, and thus may not translate into revenue in the consecutive quarter. McCoy Global's backlog as at September 30, 2014 totaled $32.6 million, a decrease of $12.0 million or 27% from June 30, 2014. The decline in backlog was primary due to the shipment of a large order destined for Latin America, in addition to the Corporation's efforts to improve delivery times on other customer orders.

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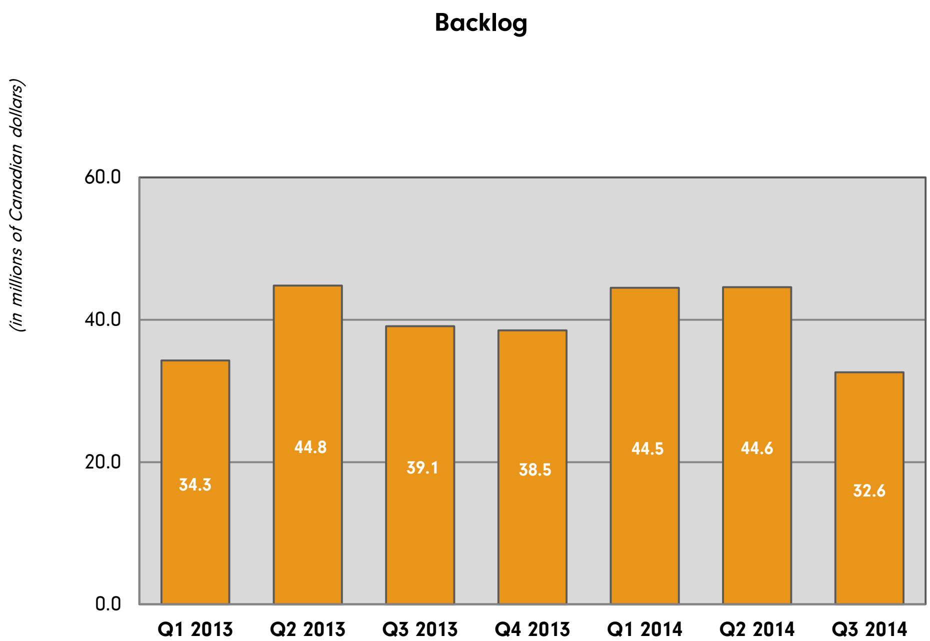
[2] Spears & Associates *Drilling and Production Outlook*, December 2013
[3] Adapted from Vallourec Investor Presentation, September 2013
*Estimated

For the quarter, McCoy Global received net sales orders of $26.3 million (Q2 2014 - $28.6 million) and recorded revenue of $38.3 million (Q2 2014 - $27.9 million). McCoy Global continues to see strong quoting activity in both domestic and international markets, but given recent pressure on oil prices and geopolitical tensions, it is uncertain how many of these quotes will materialize into committed orders. Historically, McCoy also tends to experience some downward pressure on capital orders in the fourth quarter of the year as many of its customers are in the process of setting annual capital budgets for the following fiscal year.

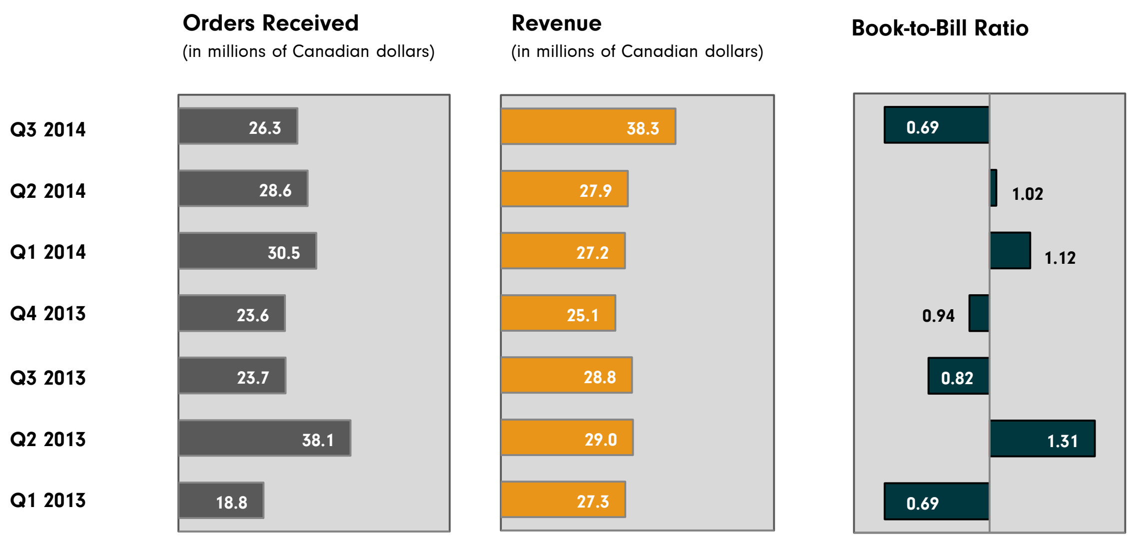
McCoy Global is working on several initiatives to reduce customer delivery times. As we progress on these production initiatives the overall level of backlog, in comparison to historical levels, will decline. Further, regional sales and service locations will continue to increase customer support and intimacy, which, along with sales and marketing initiatives, will provide customer intelligence to assist in forecasting demand.



Book-to-Bill Ratio

The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized and billed in a set period of time. The book-to-bill ratio is not a GAAP measure and therefore the definition and calculation of the ratio will vary among other issuers reporting the book-to-bill ratio. McCoy Global calculates the book-to-bill ratio as net sales orders taken in the reporting period divided by the revenues reported for the same reporting period.

The book-to-bill ratio for the Corporation's continuing operations during the three months ended September 30, 2014 was 0.69 (June 30, 2014 – 1.02). Set out below are orders received, revenue and the book-to-bill ratio:



STRATEGY AND CORE BUSINESS VISION

OUR VISION IS TO BE THE GLOBAL LEADER IN TUBULAR MAKE-UP AND HANDLING EQUIPMENT SOLUTIONS

McCoy Global is a leading provider of tubular handling, assembly and measurement equipment used for making up threaded connections in the global oil and gas industry. McCoy's core products are used during the well construction phase for both land and offshore wells and for both oil and gas well activities. McCoy's continuing operations are engaged in the following:

- Design, manufacture and distribution of innovative capital equipment used in both off-shore and land drilling markets to handle, make-up and measure tubular products such as casing, and to support this capital equipment through the sale of lifecycle products such as technical service, consumables (dies and inserts), and replacement parts;
- Repair, maintenance, and calibration of drilling and completions equipment; and
- Rental of drilling and completions equipment.

Historically, the Corporation was divided into two operating segments: Energy Products & Service ("EP&S") and Mobile Solutions.

The EP&S segment was comprised of two divisions: Drilling & Completions and Coatings & Hydraulics. The Drilling & Completions division forms the Corporation's continuing operations.

Following a strategic decision to place greater focus on the Corporation's long-term core business in the fourth quarter of 2013, management committed to a formal process to sell the Mobile Solutions segment and the Coatings & Hydraulics division. On June 17, 2014, the Mobile Solutions segment was sold by the Corporation. On September 15, 2014, the Coatings & Hydraulics division was sold by the Corporation. A member of the Corporation's Board of Directors is the Chairman and Chief Executive Officer of, and holds an equity interest in, the corporation that purchased the Coatings & Hydraulics division.

Financial results related to these operations have been included in net earnings from discontinued operations in the consolidated financial statements.

Set out below are McCoy Global Inc.'s[3] principal operations:

Operating Name	Country of Incorporation	Ownership Interest
McCoy Global Canada Corp.[4]	Canada	100%
McCoy Global S.à.r.l.	Luxembourg	100%
McCoy Global S.à.r.l. (Jebel Ali Free Trade Zone, Dubai, UAE), operating as a branch of McCoy Global S.à.r.l.	-	100%
McCoy Global Singapore Pte. Ltd.	Singapore	100%
McCoy Global UK Ltd.	United Kingdom	100%
McCoy Global USA, Inc.[5]	United States	100%

[3] On July 7, 2014, McCoy Corporation changed its name to McCoy Global Inc.

[4] On December 31, 2013, FARR Canada Corp. changed its name to McCoy Global Canada Corp.

[5] On December 31, 2013, Precision Die Technologies, L.L.C. merged into Superior Manufacturing & Hydraulics, Inc. ("Superior") and Superior changed its name to McCoy Global USA, Inc.

Organic growth is being achieved in three ways:

- establishing international sales and service centers to significantly increase international market share of lifecycle revenues, such as service, consumables and replacement parts, equipment rental and to generate incremental capital equipment sales in each region;
- commercializing innovative new products by investing in research and development as well as product improvement; and
- increasing market share of existing products.

The Corporation has maintained a strong balance sheet to allow for investment in working capital and investments required to support its growth plans and an ability to pursue prudent and strategic acquisitions.

OPERATIONAL HIGHLIGHTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

WE COMPLETED THE FINAL STEP IN BECOMING A PURE PLAY AND STRENGTHENED OUR BALANCE SHEET IN THE PROCESS

On September 15, 2014 the sale of the Coatings & Hydraulics division was announced. This divestiture represents the completion of McCoy Global's strategy to focus the Corporation's efforts on growing the drilling and completions business.

The proceeds from the Coatings and Hydraulics and Mobile Solutions divestitures have significantly strengthened McCoy Global's balance sheet. With $32.5 million of cash and cash equivalents as well as access to a $50 million committed credit facility, McCoy Global is well positioned to advance its strategic objectives. .

WE CONTINUED TO EXECUTE UPON OUR STRATEGIC INITIATIVE TO GROW OUR INTERNATIONAL PRESENCE

McCoy Global officially opened its third international sales and service center in the Jebel Ali Free Zone ("JAFZA"), located in Dubai, United Arab Emirates. The opening of the JAFZA location represents another significant milestone in completing the Corporation's strategic initiative to increase its international presence. The Middle East Region ("MER") is a very important market for McCoy Global and the Corporation now has a physical platform to service its customers and grow its presence in the MER.

With the continued progress that has been made in developing the sales and service locations in Aberdeen and Singapore, the JAFZA facility further strengthens McCoy Global's international presence in the Eastern Hemisphere.

WE PROGRESSED IN THE DEVELOPMENT OF OUR INNOVATIVE "WE" PRODUCT LINE

McCoy Global's new product development team is scheduled to commercially launch the weBUCK™ during the fourth quarter of 2014. The weBUCK™, the first electric bucking unit to market, has many ergonomic, safety and environmental advantages over conventional technologies.

During the third quarter of 2014, McCoy Global also made progress towards the commercialization of the weHOLD™. The weHOLD™, McCoy's first handling tool, passed several important design tests and is ready to begin customer field testing.

FINANCIAL RESULTS

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

For the three months ended September 30 ($000 except per share amounts)	2014	2013
Revenue	**38,275**	28,804
Earnings from continuing operations	**4,163**	3,458
Per common share – basic	**0.15**	0.13
Per common share – diluted	**0.15**	0.13
Earnings from discontinued operations (net of tax)[6]	**1,584**	573
Net earnings	**5,747**	4,031
Per common share – basic	**0.21**	0.15
Per common share – diluted	**0.21**	0.15
Adjusted EBITDA	**7,998**	6,515
Per common share – basic	**0.29**	0.24
Per common share – diluted	**0.29**	0.24

As at and for the nine months ended September 30 ($000 except per share amounts)	2014	2013
Revenue	**93,410**	85,107
Earnings from continuing operations	**7,616**	7,388
Per common share – basic	**0.28**	0.28
Per common share – diluted	**0.27**	0.27
Earnings from discontinued operations (net of tax)[7]	**8,914**	1,755
Net earnings	**16,530**	9,143
Per common share – basic	**0.60**	0.34
Per common share – diluted	**0.59**	0.33
Adjusted EBITDA	**16,029**	14,697
Per common share – basic	**0.58**	0.55
Per common share – diluted	**0.58**	0.54
Dividends per common share	**0.15**	0.15
Total assets	**133,594**	129,252
Total liabilities	**32,191**	44,468
Total non-current liabilities	**1,204**	10,690

[6] Earnings from discontinued operations (net of tax) for the three months includes an estimated one-time gain on the sale of the Corporation's former Coatings & Hydraulics division of $2.6 million.

[7] Earnings from discontinued operations (net of tax) for the nine months includes an estimated one-time gain on the sale of the Corporation's former Mobile Solutions segment of $5.7 million and Coatings & Hydraulics division of $2.6 million.

EBITDA and adjusted EBITDA are calculated as follows:

($000)	Three months ended September 2014	2013	Nine months ended September 2014	2013
Net earnings from continuing operations	**4,163**	3,458	**7,616**	7,388
Income tax expense	**1,377**	1,534	**2,608**	3,108
Finance charges (net)	**81**	172	**296**	564
Depreciation	**911**	787	**2,703**	2,215
Amortization	**668**	303	**2,015**	824
EBITDA	**7,200**	6,254	**15,238**	14,099
Net changes in fair value related to derivative financial instruments	**753**	-	**536**	-
Share-based compensation	**45**	261	**255**	598
Adjusted EBITDA	**7,998**	6,515	**16,029**	14,697

Revenue

	For the 3 months ended September 30				For the 9 months ended September 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Revenue	**38,275**	28,804	9,471	33%	**93,410**	85,107	8,303	10%

Revenue for the three months ended September 30, 2014 was $38.3 million, which was an increase of $9.5 million, or 33%, from the comparative quarter ended September 30, 2013. For the nine months ended September 30, 2014, revenue increased by $8.3 million, or 10%, in comparison to the nine months ended September 30, 2013.

McCoy Global recognized record revenues from continuing operations during the quarter ended September 30, 2014. Revenues were largely impacted by increases in capital equipment sales, including the shipment of a large order destined for Latin America that was carried over from the second quarter of 2014. Incremental revenues from Eastern Hemisphere sales and service centers also contributed to the increase in revenue.

Geographic revenues

The Corporation continues to experience strong sales quoting activity in many regions. In 2014, McCoy Global has experienced strong demand in the Western Hemisphere, particularly the United States and Latin America. The recent decline in oil prices is of some concern in the United States, given the relatively higher break-even price required on many wells. The Eastern Hemisphere has seen strong demand from the North Sea, Asia Pacific and parts of the Middle East and West Africa; however, geopolitical events in the Middle East and Russia have impacted revenue generation opportunities in those locations. The Ebola outbreak in certain African countries has also impacted revenue opportunities. The areas impacted by these events are all important markets for targeted growth and the Corporation continues to monitor events closely.

The Corporation estimates that, based on product destination, approximately half of McCoy's revenues are generated from outside of North America.

Gross Profit

	For the 3 months ended September 30				For the 9 months ended September 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Gross profit	**13,710**	11,739	1,971	17%	**37,008**	32,726	4,282	13%
Gross profit %	***36%***	*41%*	*(5)%*		***40%***	*38%*	*2%*	

Gross profit percentage for the three months ended September 30, 2014 was 36%, a decrease of 5 percentage points from the 41% gross profit percentage realized in the comparative period. For the nine months ended September 30, 2014, gross profit percentage increased by 2 percentage points.

Gross profit percentage for the quarter ended September 30, 2014 was impacted by several factors. Firstly, increased quarterly revenues were largely driven by strong capital equipment sales, whereas higher margin software sales and lifecycle sales did not increase at the same percentage as capital equipment sales in the quarter. The shift in product mix impacted gross margin percentage in the current quarter. Secondly, customer mix impacted margin as revenues generated in the quarter from sales made through distributors were high. As the margin earned on distributor sales is typically lower than a direct sale, the increased amount of distributor sales contributed to a portion of the overall decline in quarterly gross profit percentage. Thirdly, production facility mix impacted gross profit percentage. Although both the Corporation's United States and Canadian production facilities performed well in the quarter, the revenue generated from its United States capital equipment facilities comprised a higher percentage of overall revenue. McCoy's Canadian facilities have been generating a higher gross profit percentage than its United States facilities with a primary factor being the weakness of the Canadian dollar. McCoy's Canadian facilities generate the majority of their revenue in $USD whereas their input costs are largely comprised of $CAD costs.

GENERAL AND ADMINISTRATION

	For the 3 months ended September 30				For the 9 months ended September 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
General and administration	**6,643**	4,666	1,977	42%	**20,540**	16,374	4,166	25%
General and administration as a % of revenue	***17%***	*16%*	*1%*		***22%***	*19%*	*3%*	

For the three months ended September 30, 2014, general and administrative expense totaled $6.6 million, a $2.0 million increase from the comparative quarter. As a percentage of revenue, general and administrative expense was 17% for the three months ended September 30, 2014, an increase of 1 percentage point from the comparative period.

For the nine months ended September 30, 2014, general and administrative expenses totaled $20.5 million, a $4.2 million increase in comparison to the nine months ended September 30, 2013. As a percentage of revenue, general and administrative expense was 22% for the nine months ended September 30, 2014, or an increase of 3 percentage points from the comparative period.

In comparison to the first two quarters of 2014 (three months ended March 31, 2014 - $7.0 million; three months ended June 30, 2014 - $6.9 million), general and administrative expense has remained consistent, with a slight decline recorded for the three months ended September 30, 2014.

The Corporation's strategic growth initiatives have required, and will continue to require, ongoing investment in many areas of the organization. Strategically, McCoy Global has indicated that it will organically grow through: (i) increasing its regional presence; (ii) new product development; and (iii) increasing its market share of certain capital and lifecycle products and services. Each of these growth opportunities requires investments to be made to facilitate growth.

Developing a global network of international locations requires a robust support network and upfront investment. To date, McCoy Global has opened locations in Aberdeen, Singapore and Dubai, all of which were greenfield initiatives. The establishment of each location required initial investment outlays, and also requires ongoing expenditures to develop the back-office support network needed to run an international operation and meet local regulatory and statutory compliance requirements. In the current period, this incrementally added to the Corporation's overhead structure without a corresponding revenue increase.

Developing a stand-alone new product development team and organizationally supporting their efforts has required resources. Similarly, the Corporation has made investments in facilities and people to grow its through-put capacity and improve plant efficiencies, specifically in the areas of hydraulic bucking units, software related products, higher specification hydraulic power tongs and lifecycle revenue (dies and inserts, technical service and rental).

The Corporation continues to deploy resources to enhance the functionality and efficiency of its Enterprise Resource Planning (ERP) system.

General and administration expenses are also impacted by foreign exchange as a significant portion of general and administration expenses are denominated in United States dollars and the weakening Canadian dollar has negatively impacted general and administrative expense.

The nature of the Corporation's operations requires a minimum level of overhead support regardless of the revenues generated by the organization. As McCoy Global continues to achieve its strategic growth objectives and grow the organization, its overhead structure will be able to support a larger organization without proportionately increasing general and administrative expense and, as a percentage of revenue, decline to more historic levels.

SALES AND MARKETING

	For the 3 months ended September 30				For the 9 months ended September 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Sales and marketing	**1,102**	1,403	(301)	(21)%	**3,966**	4,241	(275)	(6)%
Sales and marketing as a % of revenue	***3%***	*5%*	*(2)%*		***4%***	*5%*	*(1)%*	

Sales and marketing expense for the three months ended September 30, 2014 was $1.1 million, a decrease of $0.3 million from the comparative period. As a percentage of revenue, sales and marketing expense was 3% for the three months ended September 30, 2014, a decrease of 2 percentage points from the comparative period. For the nine months ended September 30, 2014 sales and marketing expense $4.0 million, a decrease of $0.3 million from the comparative period.

For the three months ended September 30, 2014, the $0.2 million decline in sales and marketing expense can be attributable to efforts made to reposition aspects of the Corporation's sales and marketing team over the last several quarters. Going forward sales and marketing expense is expected to modestly increase as McCoy Global makes additional investments in its team to support new product lines and growth initiatives.

RESEARCH AND DEVELOPMENT

	For the 3 months ended September 30				For the 9 months ended September 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Research and development expense	**339**	282	57	20%	**1,148**	1,249	(101)	(8)%
Capitalized development expenditures	**680**	684	(4)	(1)%	**2,091**	1,203	888	74%
Total research and development	**1,019**	966	53	5%	**3,239**	2,452	787	32%
Total research and development expenditures as a % of revenue	***3%***	*3%*	*-%*		***3%***	*3%*	*-%*	

Research and development costs (including amounts expensed on the Statement of Earnings and capitalized as intangible assets on the Statement of Financial Position) for the three months ended September 30, 2014 were $1.0 million, an increase of 5% from the comparative period. Total research and development expenditures, as a percentage of revenue, remained consistent with the third quarter of 2013.

Research and development costs for the nine months ended September 30, 2014 were $3.2 million, an increase of 32% from the comparative period. Total research and development expenditures, as a percentage of revenue, remained consistent with the third quarter of 2013.

Research and development efforts in 2014 have been largely focused on several of McCoy Global's new products in the "we" product pipeline, including the weBUCK™ and weHOLD™.

FINANCE CHARGES (NET)

	For the 3 months ended September 30				For the 9 months ended September 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Finance charges (net)	**81**	172	(91)	(53)%	**296**	564	(268)	(48)%

For the three months ended September 30, 2014, finance charges (net) were nominal. For the nine months ended September 30, 2014, finance charges (net) were $0.3 million, as compared to $0.6 million for the comparative period. The difference is a result of repayment of the Corporation's debt in the fourth quarter of 2013. Finance charges for the three and nine months ended September 30, 2014 include stand-by fees and the amortization of deferred financing charges.

OTHER LOSSES AND (GAINS) (NET)

	For the 3 months ended September 30				For the 9 months ended September 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Other losses and (gains) (net)	**5**	224	(219)	(98)%	**834**	(198)	1,032	(521)%

Included in other gains and losses (net) for the three months ended September 30, 2014 was a $0.8 million unrealized loss on US dollar forward contracts offset by foreign exchange gains of $0.7 million and a gain on the disposal of capital equipment of $0.1 million. In the comparative period, substantially all of the $0.2 million loss was related to a foreign exchange loss.

Included in other gains and losses (net) for the nine months ended September 30, 2014 was an unrealized loss of $0.5 million related to US dollar forward contracts and other one-time charges of $0.3 million. In the comparative period, substantially all of the $0.2 million gain was attributable to a foreign exchange gain.

ADJUSTED EBITDA

	For the 3 months ended September 30				For the 9 months ended September 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Adjusted EBITDA	**7,998**	6,515	1,483	23%	**16,029**	14,697	1,332	9%
Adjusted EBITDA as a % of revenue	***21%***	*23%*	*(2)%*		***17%***	*17%*	*-%*	

For the three months ended September 30, 2014, adjusted EBITDA increased by $1.5 million or 23% from the comparative period. As a percentage of revenue, adjusted EBITDA decreased by 2 percentage points, to 21%, in comparison to September 30, 2013. For the nine months ended September 30, 2014, adjusted EBITDA increased by $1.3 million from the comparative period and was consistent as a percentage of revenue.

For the three months ended September 30, 2014, the increase in adjusted EBITDA was driven by increased gross profit, partially offset by increased overhead expenses.

EARNINGS FROM DISCONTINUED OPERATIONS (NET OF TAX)

	For the 3 months ended September 30				For the 9 months ended September 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Earnings from discontinued operations (net of tax)	**1,584**	573	1,011	176%	**8,914**	1,755	7,159	408%

For the three months ended September 30, 2014 earnings from discontinued operations (net of tax) includes an estimated $2.6 million gain on disposal of the Coatings & Hydraulics division. For the nine months ended September 30, 2014 earnings from discontinued operations (net of tax) also includes an estimated $5.7 million gain on disposal of the Mobile Solutions segment. As the close process for the divestitures have not produced final closing figures, the final net proceeds received and the gain recognized on the sale are subject to change.

SUMMARY OF QUARTERLY RESULTS

($000 except per share amounts)	2014			2013				2012	
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenue	**38,275**	27,915	27,220	25,105	28,804	29,019	27,284	26,837	30,135
Earnings from continuing operations	**4,163**	2,258	1,195	372	3,458	2,351	1,579	2,298	4,187
Basic earnings per share from continuing operations	**0.15**	0.08	0.04	0.02	0.13	0.09	0.06	0.09	0.16
Diluted earnings per share from continuing operations	**0.15**	0.08	0.04	0.02	0.13	0.09	0.06	0.09	0.16
Earnings from discontinued operations (net of tax)	**1,584**	6,004	1,326	329	573	700	482	957	49
Net earnings	**5,747**	8,262	2,521	701	4,031	3,051	2,061	3,255	4,236
Basic earnings per share	**0.21**	0.30	0.09	0.03	0.15	0.11	0.08	0.12	0.16
Diluted earnings per share	**0.21**	0.30	0.09	0.03	0.15	0.11	0.08	0.12	0.16

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

At September 30, 2014, the Corporation has $32.5 million in cash and cash equivalents and access to $50.0 million in committed funds under its $50.0 million revolving credit facility. As of September 30, 2014 the Corporation has no debt. Selected cash flow and capitalization information is as follows:

For the nine months ended September 30 ($000)	**2014**	2013
Cash generated from operating activities	**4,496**	12,390
Cash generated from (used in) investing activities	**16,443**	(5,697)
Cash used in financing activities	**(2,035)**	(2,476)
Debt to equity ratio	**0.32 to 1**	0.52 to 1

Cash generated from operating activities for the nine months ended September 30, 2014 was $4.5 million compared to $12.4 million in the comparative period. Operating cash flow from continuing and discontinued operations decreased by $2.9 and $5.0 million, respectively. For the nine months ended September 30, 2014, cash flow generated from continuing operations was impacted by a $12.0 million investment in working capital (2013 - $2.0 million). Working capital was impacted by the increase in revenue for the quarter, which drove an increase in trade receivable balances as at September 30, 2014. Further, McCoy Global continued to build inventories at each of its international sales and service centers to readily meet regional customer demand. The cashflow impact of these increases in working capital was offset by a $1.3 million increase in adjusted EBITDA from the comparative period. 2014 cash flows were also impacted by a decline in cash tax payments as lower than estimated profitability in the fourth quarter of 2013 resulted in the payment of taxes in 2013 which offset 2014 tax payments required. In addition, the Corporation had lower interest payments in 2014 resulting from the repayment of senior debt obligations in 2013.

Cash generated from investing activities for the nine months ended September 30, 2014 was $16.4 million compared to $5.7 million used in investing activities in the comparative period. During the nine months ended September 30, 2014, the Corporation received $20.8 million of the proceeds from the sales of the Mobile Solutions segment and the Coatings & Hydraulics division. Cash flows were also impacted by lower capital equipment purchases in the current period. In the comparative period, the Corporation sold its Houston technical service center for proceeds of $0.9 million.

Cash flows used in financing activities for the nine months ended September 30, 2014 were $2.0 million compared to $2.5 million in the comparative period. In the comparative period, the Corporation repaid a portion of its borrowings and finance lease obligations amounting to $0.6 million.

Management believes that with the projected level of operations for 2014 and the availability of cash and cash equivalents along with funds available under the established credit facility, McCoy Global will have sufficient capital to fund its operations and strategic growth. Historically, capital expansion has been financed by cash provided from operating activities, or by utilizing existing credit facilities. Management may also consider raising proceeds through equity or debt offerings. Management consistently monitors economic conditions and will manage capital spending accordingly. The debt to equity ratio may fluctuate as McCoy Global completes acquisitions and alternate forms of financing are used.

OTHER FINANCIAL INFORMATION

OUTSTANDING SHARE DATA

As at November 6, 2014 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	**27,654,239**
Convertible equity securities:	
Stock options	**1,235,004**

The stock options are exercisable into an equal number of common shares.

Dividends

A summary of historical dividend information is as follows:

Dividend declared	Dividend paid	Amount per common share
September 9, 2014	October 8, 2014	$0.05
May 23, 2014	June 20, 2014	$0.05
March 14, 2014	April 14, 2014	$0.05
December 10, 2013	December 31, 2013	$0.05
September 26, 2013	October 25, 2013	$0.05
May 16, 2013	June 14, 2013	$0.05
March 14, 2013	April 12, 2013	$0.05
December 12, 2012	December 31, 2012	$0.05
August 17, 2012	September 17, 2012	$0.05
May 17, 2012	June 15, 2012	$0.05
March 22, 2012	April 12, 2012	$0.03

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has evaluated whether there were changes in the Corporation's Internal Controls over Financial Reporting (ICFR) during the nine month period ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. There has been no significant change in McCoy Global's risk factors from those described in its 2013 Annual Report. Please see page 30 of McCoy Global's 2013 Annual Report for a discussion of internal controls over financial reporting and disclosure controls.

There have been no significant changes in the following items from those described in our 2013 Annual Report. Please refer to the page numbers listed below from McCoy Global's 2013 Annual Report:

- Financial instruments and financial risk management – pages 21-24;
- Capital management – page 24;
- Contractual obligations and off balance sheet arrangements – page 26;
- Related party transactions – pages 27-28;
- Critical accounting estimates and judgements – pages 29-30; and
- Critical risks and uncertainties – pages 32-35.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is responsible for establishing and maintaining adequate ICFR.

OTHER INFORMATION

Additional information relating to the Corporation, including the Corporation's Annual Information Form for the year end December 31, 2013 is available on SEDAR at www.sedar.com.