CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2016

(unaudited)

Condensed Consolidated Statements of Financial Position

(Stated in thousands of Canadian dollars)
(unaudited)

As at	Note	June 30, 2016	December 31, 2015
		$	$
Assets			
Current assets			
Cash and cash equivalents		**20,591**	27,450
Trade and other receivables		**4,464**	9,103
Inventories	5	**33,719**	43,776
Income tax recoverable		**5,698**	3,680
Other current assets		**3,253**	3,621
		67,725	87,630
Property, plant and equipment	6(a), 6(c)	**10,063**	15,405
Intangible assets	6(b), 6(c)	**2,026**	6,896
Deferred tax assets		**-**	636
Total assets		**79,814**	110,567
Liabilities			
Current liabilities			
Trade and other payables		**4,872**	6,532
Customer deposits		**1,149**	1,289
Provisions	5	**4,309**	3,353
Income tax payable		**433**	1,470
		10,763	12,644
Provisions	5	**3,465**	150
Deferred tax liabilities		**129**	304
Total liabilities		**14,357**	13,098
Shareholders' equity			
Share capital		**60,187**	60,187
Contributed surplus		**4,446**	4,306
Accumulated other comprehensive income		**8,218**	11,897
(Accumulated deficit) retained earnings		**(7,394)**	21,079
Total shareholders' equity		**65,457**	97,469
Commitments	5		
Total liabilities and shareholders' equity		**79,814**	110,567

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of (Loss) Earnings and Comprehensive (Loss) Income

(Stated in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Note	Three months ended June 30 2016	Three months ended June 30 2015	Six months ended June 30 2016	Six months ended June 30 2015
		$	$	**$**	$
Revenue		**6,583**	22,952	**13,742**	48,752
Cost of sales		**9,095**	16,075	**17,683**	31,497
Gross (loss) profit		**(2,512)**	6,877	**(3,941)**	17,255
General and administration		**3,202**	4,949	**6,265**	10,923
Sales and marketing		**921**	1,467	**1,851**	2,865
Research and development		**441**	412	**846**	822
Restructuring charges	5	**9,517**	226	**9,659**	226
Impairment charges	6(a), 6(b)	**2,727**	-	**7,012**	-
Finance charges, net		**66**	131	**84**	224
Other losses (gains), net		**131**	88	**1,439**	(549)
		17,005	7,273	**27,156**	14,511
(Loss) earnings before income taxes		**(19,517)**	(396)	**(31,097)**	2,744
Income tax (recovery) expense					
Current		**(1,871)**	870	**(3,062)**	1,114
Deferred		**1,450**	(815)	**438**	(148)
		(421)	55	**(2,624)**	966
Net (loss) earnings		**(19,096)**	(451)	**(28,473)**	1,778
Other comprehensive (loss) income					
Translation (loss) gain of foreign operations		**(300)**	(608)	**(3,679)**	3,146
Comprehensive (loss) income		**(19,396)**	(1,059)	**(32,152)**	4,924
(Loss) earnings per share					
Basic from net (loss) earnings		**(0.69)**	(0.02)	**(1.03)**	0.06
Diluted from net (loss) earnings		**(0.69)**	(0.02)	**(1.03)**	0.06

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Stated in thousands of Canadian dollars, except share amounts)
(unaudited)

	Issued capital					
	Number of shares	Amount	Contributed surplus	Accumulated other comprehensive income	(Accumulated deficit) retained earnings	Total equity
	#	$	$	$	$	$
Balances at January 1, 2015	27,694,239	60,137	3,778	3,632	34,826	102,373
Net earnings	-	-	-	-	1,778	1,778
Translation gain on foreign operations	-	-	-	3,146	-	3,146
Employee share-based compensation expense	-	-	289	-	-	289
Dividends	-	-	-	-	(2,770)	(2,770)
Common shares issued on exercise of stock options	10,000	50	(15)	-	-	35
Balances at June 30, 2015	27,704,239	60,187	4,052	6,778	33,834	104,851
Balances at January 1, 2016	27,704,239	60,187	4,306	11,897	21,079	97,469
Net loss	**-**	**-**	**-**	**-**	**(28,473)**	**(28,473)**
Translation loss on foreign operations	**-**	**-**	**-**	**(3,679)**	**-**	**(3,679)**
Employee share-based compensation expense	**-**	**-**	**140**	**-**	**-**	**140**
Balances at June 30, 2016	**27,704,239**	**60,187**	**4,446**	**8,218**	**(7,394)**	**65,457**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flow

(Stated in thousands of Canadian dollars)
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2016	2015	**2016**	2015
Cash (used in) generated from	**$**	$	**$**	$
Operating activities				
Net (loss) earnings	**(19,096)**	(451)	**(28,473)**	1,778
Adjustments for:				
Depreciation of property, plant and equipment	**1,042**	1,069	**2,113**	2,138
Amortization of intangible assets	**263**	883	**596**	1,653
Income tax (recovery) expense	**(421)**	55	**(2,624)**	966
Finance charges, net	**66**	131	**84**	224
EBITDA[1]	**(18,146)**	1,687	**(28,304)**	6,759
Share-based compensation expense	**14**	290	**121**	360
Non-cash change in value of derivative financial instruments	**-**	(665)	**-**	27
Impairment charges	**2,727**	-	**7,012**	-
(Gain) loss on disposal of property, plant and equipment	**(75)**	(11)	**(88)**	35
Changes in non-cash working capital balances	**14,013**	(7,857)	**14,491**	(8,287)
Finance costs paid, net	**(28)**	(128)	**(61)**	(152)
Income taxes paid, net	**(169)**	(609)	**(169)**	(3,154)
Net cash used in operating activities	**(1,664)**	(7,293)	**(6,998)**	(4,412)
Investing activities				
Purchases of property, plant and equipment	**(141)**	(20)	**(302)**	(486)
Proceeds from sale of property, plant and equipment	**83**	4	**108**	35
Proceeds from sale of subsidiary	**-**	848	**-**	848
Additions to intangible assets	**-**	(170)	**(10)**	(1,172)
Net cash (used in) generated from investing activities	**(58)**	662	**(204)**	(775)
Financing activities				
Proceeds from issuance of share capital on exercise of options	**-**	35	**-**	35
Dividends paid	**-**	(2,770)	**-**	(2,770)
Net cash used in financing activities	**-**	(2,735)	**-**	(2,735)
Effect of exchange rate changes on cash and cash equivalents	**431**	850	**343**	1,006
Decrease in cash and cash equivalents	**(1,291)**	(8,516)	**(6,859)**	(6,916)
Cash and cash equivalents – beginning of the period	**21,882**	31,476	**27,450**	29,876
Cash and cash equivalents – end of the period	**20,591**	22,960	**20,591**	22,960

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

[1] EBITDA is an additional GAAP measure presented under IFRS defined as "net earnings before finance charges, net, income tax expense, depreciation and amortization".

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2016
(in thousands of Canadian dollars, except share data or unless otherwise specified)
(unaudited)

1. Nature of Operations

McCoy Global Inc. ("McCoy", "McCoy Global" or the "Corporation") is incorporated and domiciled in Canada and provides equipment and technologies used for making up threaded connections in the global oil and gas industry. McCoy Global's core products are used predominantly during the well construction phase for both land and offshore oil and gas wells.

The Corporation is engaged in the:

- design, production and distribution of 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 aftermarket products and services; such as technical support, consumables (dies and inserts) and replacement parts;
- repair, maintenance and calibration of drilling and completions equipment; and
- rental of drilling and completions equipment.

Set out below are McCoy's principal operations:

Operating Name	Country of Incorporation	Operating Region	Ownership Interest
McCoy Global Canada Corp.	Canada	Canada and Russia	100%
McCoy Global S.à r.l.	Luxembourg	Middle East and Africa	100%
McCoy Global Singapore Pte. Ltd.	Singapore	Asia Pacific	100%
McCoy Global UK Ltd.	United Kingdom	Europe	100%
McCoy Global USA, Inc.	United States	United States and Latin America	100%

McCoy and its subsidiary companies are collectively referred to herein as the "Corporation."

The address of the registered office of the Corporation is DLA Piper (Canada) LLP, Livingston Place, 1000 - 250 2nd Street SW, Calgary, Alberta. The Corporation is listed on the Toronto Stock Exchange under the symbol "MCB" and on the OTCQB under the symbol "MCCRF."

2. Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board and should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards.

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those of the previous financial year.

Amendments to IFRS effective for the year ending December 31, 2016 are not expected to have a material impact on the Corporation.

3. Dividends

Dividend declared	Dividend paid	Total dividend	Amount per common share
		$	$
May 15, 2015	June 11, 2015	1,385	0.05
March 11, 2015	April 13, 2015	1,385	0.05

On September 3, 2015, the Corporation announced that the Board of Directors approved the suspension of the quarterly dividend payment. Future declarations of dividends is at the sole discretion of the Board and will continue to be evaluated on a quarterly basis.

4. Fair value of financial assets and liabilities

The Corporation's financial instruments consist of cash and cash equivalents, trade and other receivables, amounts held in escrow on business divestitures, and trade and other payables.

The fair value of cash and cash equivalents, trade and other receivables, amounts held in escrow on business divestitures, and trade and other payables approximate their carrying value due to their short-term nature.

5. Restructuring provision and charges

A restructuring provision is recognized when the Corporation has developed a detailed formal plan for restructuring and has formally announced the plan's main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Corporation.

As a direct response to the prolonged market down cycle for oilfield equipment and services, the Corporation initiated the Board of Directors' approved company-wide restructuring plan, the "Restructuring Plan" or "Plan", during the quarter.

The Plan included:

i. the consolidation of the hydraulic power tong product line to Edmonton, Canada, resulting in the closure of its hydraulic power tong production facility in Broussard, USA;

ii. the closure of the Corporation's Houston, USA sales and service facility;

iii. the relocation and downsizing of operations in Aberdeen, UK; and

iv. further reductions in both operational and functional headcount.

Restructuring charges have been included on the unaudited condensed consolidated interim statement of (loss) earnings and comprehensive (loss) income as restructuring charges. Non-current restructuring costs were discounted using a pre-tax risk free discount rate of 0.5%. At June 30, 2016, accrued restructuring costs are included in provisions on the unaudited condensed consolidated statement of financial position. The table below summarizes restructuring charges recorded on the unaudited condensed consolidated interim statement of (loss) earnings and comprehensive (loss) income for the three and six months ended June 30, 2016 and restructuring charges included in the unaudited condensed consolidated statement of financial position at June 30, 2016:

		Costs recognized			
	Accrued balance December 31, 2015	Three months ended March 31, 2016	Three months ended June 30, 2016	Payments and allowances	Accrued balance June 30, 2016
	$	$	$	$	**$**
Onerous lease contracts	-	-	4,518	(201)	**4,317**
Inventory write-downs	-	-	3,961	(3,961)	**-**
Severance pay and benefits	-	142	1,002	(530)	**614**
Other direct costs	-	-	36	(36)	**-**
Restructuring provisions	**-**	**142**	**9,517**	**(4,728)**	**4,931**
Other provisions	3,503				2,843
Total provisions	**3,503**				**7,774**

Provisions for onerous lease contracts include estimated future facility costs for facilities under lease for which the Corporation will receive no future economic benefit as a result of the Restructuring Plan. The provision includes facilities lease payments and estimated direct costs to maintain the facilities over the remaining lease term. Recognizing the onerous lease contract provision significantly impacted the Corporation's commitments as previously disclosed. An updated table of minimum lease payments, as at June 30, 2016 under non-cancellable operating leases, excluding onerous lease contracts, and net of sublease payments to be received, are as follows:

	Minimum lease payment	Sublease payments to be received	Net obligation
	$	$	**$**
July 1 – December 31, 2016	1,467	367	**1,100**
Due January 1, 2017 – December 31, 2021	5,245	977	**4,268**
Due January 1, 2022 and thereafter	268	-	**268**
	6,980	1,344	**5,636**

Inventory write-downs includes inventory impacted as a direct result of the Restructuring Plan. Identified inventory is being recorded at the lower of cost and net realizable value and is in excess of the Corporation's inventory provision policy. Inventory write-downs have been included within the obsolescence provision in inventory on the unaudited condensed consolidated statement of financial position.

Severance pay and benefits includes committed severance payments for workforce reductions as a result of the Restructuring Plan.

Other direct costs include freight, legal and other expenses required to complete the company-wide restructuring plan and are recorded as restructuring charges as incurred.

Uncertainties may exist over the amount and timing of estimated cash flows related to restructuring provisions. Restructuring provisions of 1,616 are expected to be utilized within one year of the statement of financial position date.

6. Impairment of Non-Financial Assets

a) Property, Plant and Equipment

As a result of the Restructuring Plan described in note 5, certain property, plant and equipment (PPE) will no longer be involved or support revenue generating activities. At June 30, 2016, it was determined through external appraisals and other assessments that the recorded net book value of certain assets exceeded the recoverable value (lower of fair value less cost to sell and value in use). Accordingly, the Corporation recognized an impairment charge of $2,727 (2015 - $nil) against PPE specific to the Restructuring Plan. The impairment charge was included on the statement of (loss) earnings and comprehensive (loss) income in impairment charges.

b) Impairment of Intangible Assets

In the first quarter of 2016, the Corporation recognized an impairment charge of $4,285 (2016 - $nil) related to internally generated intellectual property that is not expected to result in future economic benefits.

c) Impairment of Other Non-Financial Assets

The Corporation reviewed the carrying value of its remaining non-financial assets for indicators of impairment. During the six months ended June 30, 2016, the Corporation determined that low commodity prices and the industry decline in drilling and completions activity levels was an indicator of impairment and performed a comprehensive assessment of the carrying values of non-financial assets. The Corporation reviewed the impairment analysis performed at March 31, 2016 and determined that no further impairment was to be recognized on the Corporation's remaining non-financial assets. No significant changes to any of the key assumptions in the analysis would have resulted in an impairment charge in any cash generating unit.

7. SUBSEQUENT EVENT

Subsequent to June 30, 2016, the Corporation cancelled the revolving credit facility existing at June 30, 2016 and entered into a $5.0 million letter of credit facility. The Corporation is subject to certain restrictive covenants under the letter of credit facility agreement with its lenders. These covenants are measured on a quarterly basis.