MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2016

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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated November 2, 2016, 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, 2015 and 2014. 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:

- future development and organic growth prospects;
- merger and acquisition strategy;
- business strategy; and
- competitive advantage.

Forward-looking statements respecting:

- the business opportunities for the Corporation that 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:

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

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 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 or non-GAAP measures presented under IFRS.

EBITDA is an additional subtotal in the statement of cash flows presented under IFRS defined as "net (loss) earnings, before finance charges, net, income tax expense (recovery), depreciation, and amortization."

Adjusted EBITDA is a non-GAAP measure defined as "net (loss) earnings before finance charges, net, income tax expense (recovery), depreciation, amortization, impairment losses, restructuring charges, non-cash 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. The Corporation believes adjusted EBITDA assists investors in assessing McCoy Global's performance on a consistent basis without regard to impairment losses, restructuring charges, non-cash changes in fair value related to derivative financial instruments, depreciation, amortization and share-based compensation expense, which are non-cash or non-recurring in nature and can vary significantly depending on accounting methods or non-operating factors.

Adjusted EBITDA is not considered an alternative to net (loss) 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

As with prior quarters in 2016, oilfield equipment and services markets remained challenging during the third quarter. There are indications that conditions have begun to stabilize, with a modest improvement in activity anticipated in some geographic areas for 2017. The extent and timing of this improvement remains unpredictable at this time and it appears that there will still be challenging quarters ahead. The actions successfully executed by management during this down-cycle have better right-sized the Corporation's cost structure, while purposefully positioning McCoy Global to take advantage of improving conditions in both the Western and Eastern Hemisphere. These actions included retaining a strong management team; preserving cash, resulting in excess of $20 million of cash and no debt; shaping a simpler and more efficient organization; continuing to invest in growth opportunities and executing on McCoy Global's longer term strategic plan.

The Corporation reported revenues of $7.1 million for the three months ended September 30, 2016, a modest increase over the second quarter of 2016. In the third quarter of 2016, the Corporation also experienced a decline in order intake and backlog, which will likely create a challenging fourth quarter. Customers continue to delay capital equipment purchases until absolutely required and are now in the middle of 2017 planning exercises and awaiting approval for 2017 budgets. However, the third quarter represented a meaningful increase in quoting activity as the quarter progressed and management is viewing this as a positive signal that the industry may be trending toward improvement.

As reported in the second quarter, the Corporation initiated a restructuring plan, the "Restructuring Plan" or "Plan", which included:

i. the consolidation of McCoy Global's 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 sales and service facility in Houston, USA;
iii. the relocation and downsizing of operations in Aberdeen, UK; and
iv. further significant reductions in both operational and functional workforce.

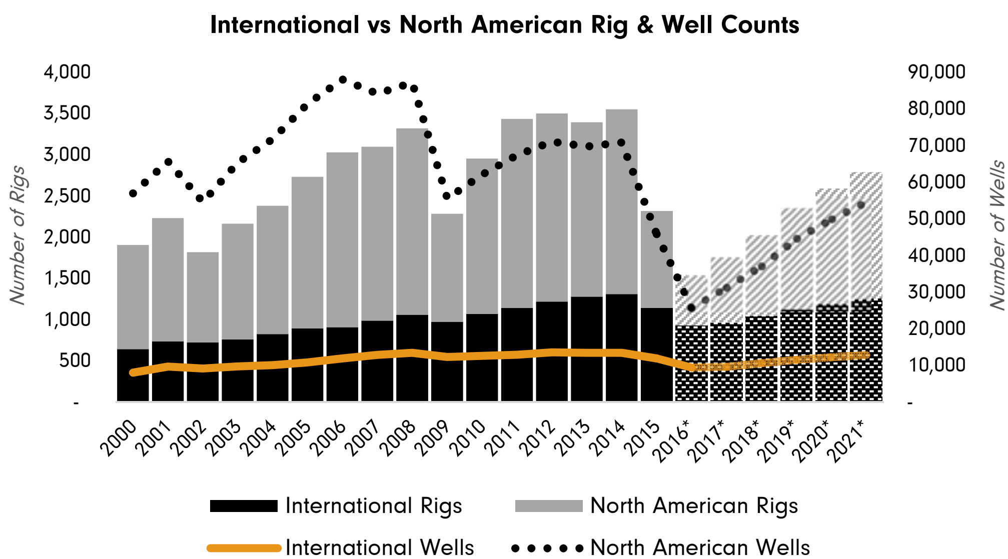
The Restructuring Plan is now largely complete. This was a substantial undertaking to execute in a single quarter; significant efforts were required by the organization which contributed to the success of this necessary, but difficult, exercise. The Restructuring Plan will have removed approximately $12 million of cash costs from the Corporation's annual cost base and generated $1.9 million in proceeds from the sale of redundant equipment. Management executed the Plan both quickly and efficiently, and the first Broussard power tongs have now been produced at the Corporation's Edmonton facility.

The Restructuring Plan consumed a meaningful amount of management time in the third quarter. With the substantial completion of the Restructuring Plan, the focus of the Corporation has now shifted towards revenue growth and its vision of being a solutions provider to its customers globally. More than ever, customers will require safer, more efficient technologies to be successful and McCoy Global intends to be its customer's technology partner in both the short and long-term.

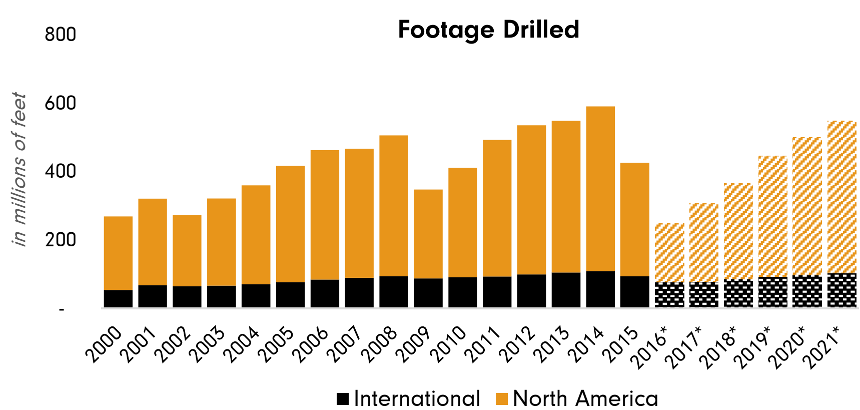
MARKET CONDITIONS

The demand for McCoy Global's products and services is ultimately driven by oil and natural gas prices. These commodity prices have historically been cyclical in nature and are difficult to forecast as they are influenced by many factors. Higher oil and gas prices typically drive exploration and production companies to increase capital spending which in turn leads to an increase in drilling and completions activity. As this activity increases, customers require capital equipment and aftermarket products and services to meet activity demand. Management uses active rig counts as well as number and length of wells being drilled as data points to monitor and set expectations of the future performance of the Corporation. Generally, these metrics are leading indicators of demand for McCoy Global's products and services, although there are many factors that may impact any correlation.

A summary of historical and forecasted rig and well counts, obtained from Spears & Associates Drilling and Production Outlook, September 2016, is as follows:



A summary of historical and forecasted footage drilled, obtained from Spears & Associates Drilling and Production Outlook, September 2016, is as follows:



McCoy Global's international operations provide customer support, geographic revenue diversification and some stability to withstand a prolonged down-cycle which is currently being experienced. International revenues generally decline at a slower rate than North American revenues and provide organic growth opportunities.

McCoy's revenues are primarily leveraged toward providing equipment, parts, consumables and services to customers who provide tubular running services and downhole tubular equipment. McCoy has a dominant market position within this industry segment, which provides some ability to withstand a down-cycle. However, having significant leverage to a single market segment can create increased volatility, as the Corporation is currently experiencing in this very difficult market environment. Orders for high specification tubular make-up equipment have been negatively impacted as capital intensive drilling activities are cancelled or deferred. However, this higher margin equipment used for horizontal, directional and deep-water drilling remains an important source of future global oil and natural gas supply over the longer term. As an eventual recovery occurs, this should result in a long-term trend towards more complex well construction and the increased use of premium connections. Investments made in new product technologies by McCoy Global have increased its capabilities of producing high specification tubular make-up products and position the Corporation to meet the future technological challenges faced by customers. McCoy continues to invest in the development of new technologies to meet the changing requirements for better efficiency and safety.

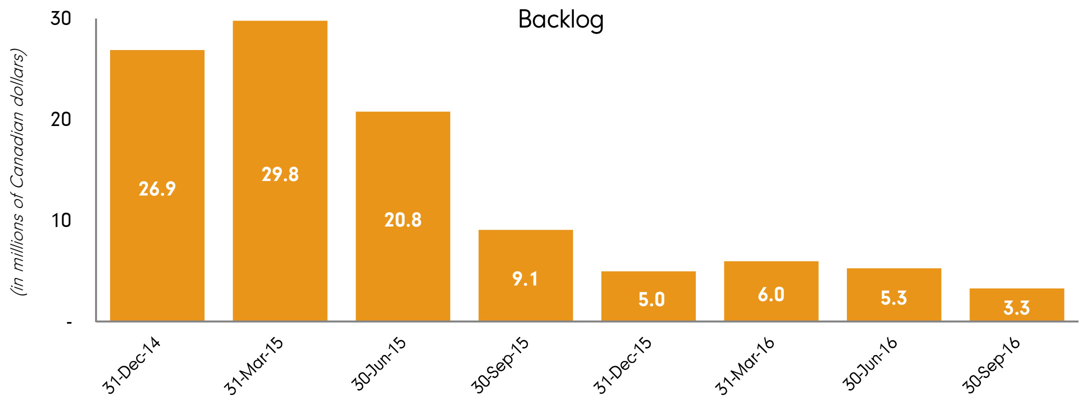
Backlog

Backlog is a measure of the amount of customer orders the Corporation has received 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.

The Corporation defines backlog as orders that have a high certainty of being delivered 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 several 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 once fulfilled. Expected delivery dates for orders recorded in backlog historically spanned from one to six months, however under current market conditions customers have shifted their purchasing habits towards a just-in-time model. McCoy Global's backlog as at September 30, 2016 totaled $3.3 million, a decrease of $2.0 million or 38% from June 30, 2016.

Backlog has been impacted by finished goods inventory and aftermarket sales. The Corporation had built out a finished goods inventory of standard product at regional locations which can shorten the sales cycle and reduce the overall level of backlog as customer orders are fulfilled from finished goods inventory. Product mix has also impacted the Corporation's backlog as rental and aftermarket orders tend to cycle through backlog more quickly than customized capital equipment orders, which typically require longer lead times. As a percentage of overall revenue, aftermarket revenues are typically higher in a down-cycle as customers defer capital equipment spend.

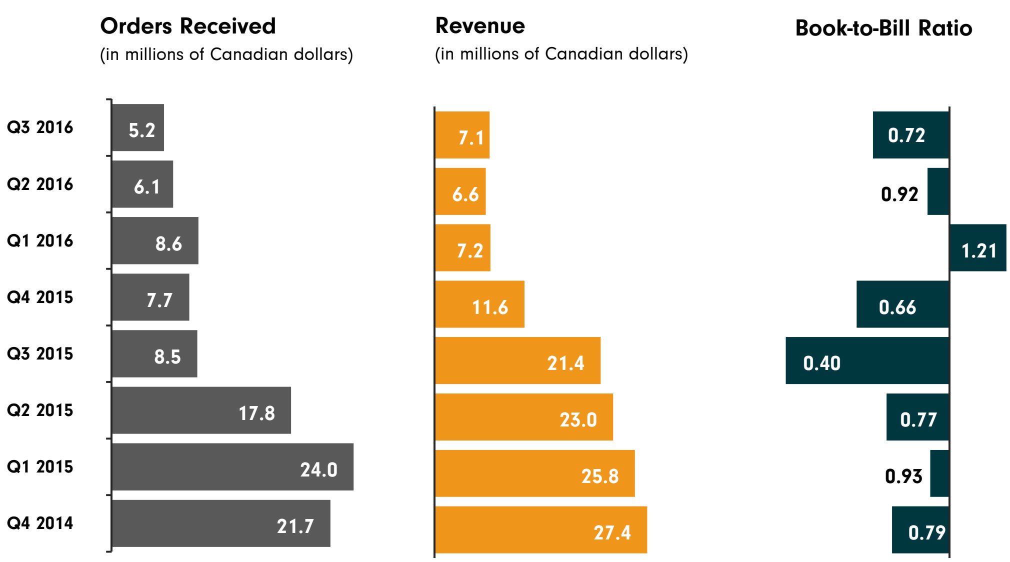
For the quarter, McCoy Global received net sales orders of $5.2 million (Q2 2016 - $6.1 million) and recorded revenue of $7.1 million (Q2 2016 - $6.6 million). Historically low drilling activity and customer budgetary constraints have contributed to the decline. A meaningful increase in quoting activity has provided optimism around 2017 order intake, however, visibility remains limited as customers are in the midst of their 2017 planning processes.



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 ratio is an indicator of customer demand and sales order processing times. 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 during the three months ended September 30, 2016 was 0.72 (June 30, 2016 – 0.92). 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 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 wells during both oil and gas exploration.

The Corporation is 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 aftermarket product 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 Global's principal operations:

Operating Name	Country of Incorporation	Operating Region	Ownership Interest
McCoy Global Canada Corp.	Canada	Canada & Russia	100%
McCoy Global S.à r.l.	Luxembourg	Middle East & 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 & Latin America	100%

FINANCIAL RESULTS

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

For the three months ended September 30 ($000 except per share amounts)	2016	2015
Revenue	**7,137**	21,376
Net loss	**(3,094)**	(1,963)
Per common share – basic	**(0.11)**	(0.07)
Per common share – diluted	**(0.11)**	(0.07)
Adjusted EBITDA	**(3,235)**	922
Per common share – basic	**(0.12)**	0.03
Per common share – diluted	**(0.12)**	0.03

As at and for the nine months ended September 30 ($000 except per share amounts)	2016	2015
Revenue	**20,879**	70,128
Net loss	**(31,567)**	(185)
Per common share – basic	**(1.14)**	(0.01)
Per common share – diluted	**(1.14)**	(0.01)
Adjusted EBITDA	**(14,747)**	8,294
Per common share – basic	**(0.53)**	0.30
Per common share – diluted	**(0.53)**	0.30
Dividends per common share	**-**	0.10
Total assets	**73,875**	125,015
Total liabilities	**10,679**	18,840
Total non-current liabilities	**3,039**	3,752

EBITDA and adjusted EBITDA are calculated as follows:

	Three months ended September 30		Nine months ended September 30	
($000)	**2016**	2015	**2016**	2015
Net loss	**(3,094)**	(1,963)	**(31,567)**	(185)
Income tax (recovery) expense	**(847)**	(910)	**(3,471)**	56
Finance charges, net	**21**	54	**105**	278
Depreciation	**731**	1,075	**2,844**	3,213
Amortization	**295**	771	**891**	2,424
EBITDA	**(2,894)**	(973)	**(31,198)**	5,786
Share-based compensation	**74**	(27)	**195**	333
Net changes in fair value related to derivative financial instruments	**-**	(248)	**-**	(221)
Impairment charges (reversals)	**(367)**	1,133	**6,645**	1,133
Restructuring charges, net	**(48)**	1,037	**9,611**	1,263
Adjusted EBITDA	**(3,235)**	922	**(14,747)**	8,294

REVENUE

($000 except percentages)	For the 3 months ended September 30				For the 9 months ended September 30			
	2016	2015	Change	% Change	**2016**	2015	Change	% Change
Revenue	**7,137**	21,376	(14,239)	(67)%	**20,879**	70,128	(49,249)	(70)%

For the three and nine months ended September 30, 2016, industry fundamentals continued to be challenged. As a result, significant pricing pressure and depressed demand for capital equipment persisted. Customer spending remained at unprecedented low levels with customers taking all available measures to conserve cash and shift their purchasing habits towards a just-in-time model.

Aftermarket revenue, as a percentage of overall revenue, is typically higher in a down-cycle as customers defer capital equipment spend and maintain their existing equipment fleet. The percentage of aftermarket revenues in comparison to overall revenue has increased in 2016, however, the severity of this down-cycle has led to many customers deferring equipment maintenance, cannibalizing idle equipment for any required parts and servicing equipment internally.

While the United States, Europe, Canada, Latin America and most of Asia Pacific have been severely impacted by this down-cycle, activity levels have remained relatively stable in the Middle East region. Pricing pressure has been persistent in most regions as service and equipment providers have become increasingly competitive to take advantage of any areas of activity. North America has experienced a meaningful increase in quoting activity and will likely be an area of growth in 2017.

GROSS PROFIT

($000 except percentages)	For the 3 months ended September 30				For the 9 months ended September 30			
	2016	2015	Change	% Change	**2016**	2015	Change	% Change
Gross profit	**(1,182)**	3,882	(5,064)	(130)%	**(5,123)**	21,137	(26,260)	(124)%
Gross profit %	***(17)%***	*18%*	*(35)%*		***(25)%***	*30%*	*(55)%*	

For the three and nine months ended September 30, 2016, gross profit was negatively impacted by the substantial decline in revenues realized as a result of the down-cycle and the inability of production facilities to absorb their cost base.

Gross profit for the three months ended September 30, 2016 included a $0.9 million non-cash charge related to provisions for excess inventory, in line with the Corporation's policy to provide for any distinct part type that was not sold externally or consumed internally in the production process within two years prior to the statement of financial position date. Gross profit for the nine months ended September 30, 2016 included a $1.8 million non-cash charge related to provisions for excess inventory.

Gross profit percentage has also been impacted by product mix as current market conditions have resulted in fewer higher margin capital equipment and software orders. Pricing pressure has intensified in many regions, which has also placed downward pressure on gross profit percentage.

Sequentially, gross profit percentage increased by 21 percentage points from the second quarter of 2016. This was driven by the successful execution of the Restructuring Plan. This Plan was substantially completed during the third quarter with the majority of the direct cost savings realized in the third quarter. Incremental cost savings are anticipated in the fourth quarter and several initiatives are in place to continue to evaluate operational efficiency opportunities to improve the Corporation's cost structure.

Although the Restructuring Plan implemented by management has reduced the Corporation's cost structure to better align with current market conditions, an increase in revenues and production activity will be required to fully absorb production facility overheads and attain historical gross profit percentage levels in future periods.

GENERAL AND ADMINISTRATION (G&A)

	For the 3 months ended September 30				For the 9 months ended September 30			
($000 except percentages)	**2016**	2015	Change	% Change	**2016**	2015	Change	% Change
G&A	**2,331**	4,975	(2,644)	(53)%	**8,596**	15,898	(7,302)	(46)%
G&A as a % of revenue	***33%***	*23%*	*10%*		***41%***	*23%*	*18%*	

For the three and nine months ended September 30, 2016, G&A declined from the comparative period largely as a result of the successful implementation of the Restructuring Plan as well as other cost containment initiatives and discipline around overhead spend.

Sequentially, G&A decreased by $0.9 million or 27% from the second quarter of 2016, largely as a result of the Restructuring Plan. The Plan removed significant costs from the Corporation's overheads including senior management and executive employees. The cost structure continues to be evaluated for opportunities to make further reductions, however, most meaningful cost reduction opportunities have been identified and executed. Future opportunities will likely be incremental in nature.

Through the course of the Plan, the Corporation has remained focused on implementing process improvements and operational efficiencies which will position McCoy Global as a leaner and more efficient organization that can increase scale when market conditions improve without adding a corresponding amount of overhead expenses.

SALES AND MARKETING

($000 except percentages)	For the 3 months ended September 30				For the 9 months ended September 30			
	2016	2015	Change	% Change	**2016**	2015	Change	% Change
Sales and marketing	**705**	913	(208)	(23)%	**2,556**	3,778	(1,222)	(32)%
Sales and marketing as a % of revenue	***10%***	*4%*	*6%*		***12%***	*5%*	*7%*	

The decline in sales and marketing expense realized during the three and nine months ended September 30, 2016 is a result of cost containment efforts, including the Restructuring Plan, while balancing strategic sales and marketing initiatives.

Customer responsiveness continues to be a key priority for McCoy Global. While the Restructuring Plan has reduced the workforce and contained discretionary spend, a strong technical sales team remains in place and will continue to be a focus for the Corporation as growth opportunities are explored.

RESEARCH AND DEVELOPMENT (R&D)

($000 except percentages)	For the 3 months ended September 30				For the 9 months ended September 30			
	2016	2015	Change	% Change	**2016**	2015	Change	% Change
R&D expense	**122**	48	74	154%	**968**	870	98	11%
Capitalized development expenditures	**-**	303	(303)	(100)%	**10**	1,099	(1,089)	(99)%
R&D expenditures	**122**	351	(229)	(65)%	**978**	1,969	(991)	(50)%
R&D expenditures as a % of revenue	***2%***	*2%*	-		***5%***	*3%*	*2%*	

The reduction in R&D spend for the three and nine months ended September 30, 2016, was a result of balancing the short-term impact of R&D expenditures on cash preservation with the longer-term implications on strategy and shareholder value creation.

During the three and nine months ended September 30, 2016, McCoy Global's investment in R&D was impacted by the Restructuring Plan. McCoy Global has continued to invest in the development of new products and technologies during the down-cycle even though the value of these opportunities and efforts will occur in 2017 and beyond. Preserving McCoy Global's ability to continue to deliver market leading technologies remains paramount, and accordingly investments during this down-cycle have shifted to developing technologies that are less capital intensive and that can be commercialized quickly. These efforts will continue to expand the Corporation's current product offering and develop future revenue opportunities.

OTHER ITEMS

($000 except percentages)	For the 3 months ended September 30				For the 9 months ended September 30			
	2016	2015	Change	% Change	**2016**	2015	Change	% Change
Restructuring charges	**(48)**	1,037	(1,085)	(105)%	**9,611**	1,263	8,348	661%
Impairment charges (reversals)	**(367)**	1,133	(1,500)	(132)%	**6,645**	1,133	5,512	486%
Finance charges, net	**21**	54	(33)	(61)%	**105**	278	(173)	(62)
Other losses (gains), net	**(5)**	(1,405)	1,400	(100)%	**1,434**	(1,954)	3,388	(173)%

Restructuring charges for the nine months ended September 30, 2016 largely relate directly to the Restructuring Plan announced in the second quarter of 2016 and are comprised of four components:

(i) onerous lease contracts of $4.1 million related to future facility costs for facilities under lease which the Corporation does not intend to utilize as a result of the Restructuring Plan;
(ii) inventory write-downs of $4.0 million related to product lines which were impacted by the Restructuring Plan as a result of the closure of facilities and reduction in workforce;
(iii) severance pay and benefits of $1.2 million related to the reduction in workforce as a result of the Restructuring Plan; and
(iv) other direct costs of $0.4 million incurred to support the Restructuring Plan.

Restructuring charges for the three months ended September 30, 2016 include a reduction of $0.4 million related to favorable amendments to onerous lease contracts that were executed during the quarter, offset by $0.3 million of other direct costs related to the Restructuring Plan.

Impairment charges for the nine months ended September 30, 2016 relate to property, plant and equipment (PPE) and internally generated intellectual property. The Restructuring Plan resulted in facility closures which triggered the Corporation to perform an assessment over the PPE at each of these locations to determine if any of the PPE was impaired. Based on this assessment, it was determined the fair value less cost to sell of certain redundant assets was less than carrying value, and as a result an impairment charge was recognized. A significant portion of the impairment charges related to the closure of the Corporation's hydraulic power tong production facility in Broussard.

During the third quarter, the Corporation disposed of the PPE that was previously impaired resulting in an impairment reversal of $0.4 million.

Finance charges, net are primarily comprised of costs associated with establishing or maintaining the Corporation's credit facility and operating line of credit. During the quarter, the Corporation's credit facility was cancelled and replaced with a $5.0 million operating line. Finance costs for the three months ended September 30, 2016, include a one-time commitment fee for the operating line. 2015 finance charges also include amortization of deferred financing charges, which were fully amortized as at December 31, 2015.

Other losses (gains), net consist primarily of foreign exchange gains or losses on the Corporation's United States denominated financial instruments held by Canadian entities. The $1.4 million loss recognized during the nine months ended September 30, 2016 primarily arose from unfavorable foreign currency losses as a result of the Canadian dollar strengthening from its position at December 31, 2015. In the comparative period, the Canadian dollar weakened resulting in a foreign exchange gain.

For the three months ended September 30, 2016, other (gains) losses, net included nominal foreign currency gains and a gain on the disposal of PPE. Favorable foreign currency gains were recognized in the comparative quarter as a result of a weakening Canadian dollar.

ADJUSTED EBITDA

($000 except percentages)	For the 3 months ended September 30				For the 9 months ended September 30			
	2016	2015	Change	% Change	**2016**	2015	Change	% Change
Adjusted EBITDA	**(3,235)**	922	(4,157)	(451)%	**(14,747)**	8,294	(23,041)	(278)%
Adjusted EBITDA as a % of revenue	***(45)%***	*4%*	*(49)%*		***(71)%***	*12%*	*(83)%*	

For the three and nine months ended September 30, 2016, adjusted EBITDA was impacted by the continued global reduction in drilling and completions activity and the substantial decline in revenues realized as a result of the down-cycle.

Sequentially, adjusted EBITDA increased by $2.7 million or 45% from the second quarter of 2016 largely as a result of the successful execution of the Restructuring Plan. An increase in revenues and production activity will be required to attain positive adjusted EBITDA in future periods.

Adjusted EBITDA for the three months ended September 30, 2016 also included a $0.9 million non-cash charge related to provisions for excess inventory.

SUMMARY OF QUARTERLY RESULTS

($000 except per share amounts)	2016 Sep 30	2016 Jun 30	2016 Mar 31	2015 Dec 31	2015 Sep 30	2015 Jun 30	2015 Mar 31	2014 Dec 31
Revenue	**7,137**	6,583	7,159	11,648	21,376	22,952	25,800	27,209
Impairment and restructuring charges (reversals)	**(415)**	12,244	4,427	4,779	2,170	226	-	-
(Loss) earnings from continuing operations	**(3,094)**	(19,096)	(9,377)	(10,792)	(1,963)	(451)	2,229	1,753
Basic (loss) earnings per share from continuing operations	**(0.11)**	(0.69)	(0.34)	(0.39)	(0.07)	(0.02)	0.08	0.06
Diluted (loss) earnings per share from continuing operations	**(0.11)**	(0.69)	(0.34)	(0.39)	(0.07)	(0.02)	0.08	0.06
Net (loss) earnings	**(3,094)**	(19,096)	(9,377)	(10,792)	(1,963)	(451)	2,229	1,477
Basic (loss) earnings per share	**(0.11)**	(0.69)	(0.34)	(0.39)	(0.07)	(0.02)	0.08	0.05
Diluted (loss) earnings per share	**(0.11)**	(0.69)	(0.34)	(0.39)	(0.07)	(0.02)	0.08	0.05
Adjusted EBITDA	**(3,235)**	(5,888)	(5,624)	(4,526)	922	1,538	5,834	4,957

LIQUIDITY AND CAPITAL RESOURCES CASH FLOW

At September 30, 2016, the Corporation has $20.0 million in cash and cash equivalents and $4.5 million available under the Corporation's Operating Line of Credit as $0.5 million was committed under carve out facilities related to the Corporation's corporate credit card program. The Corporation has no outstanding debt obligations.

Selected cash flow and capitalization information is as follows:

	For the 3 months ended September 30		For the 9 months ended September 30	
($000)	**2016**	2015	**2016**	2015
Cash (used in) generated from operating activities	**(3,387)**	4,165	**(10,385)**	(247)
Cash generated from (used in) investing activities	**2,275**	(343)	**2,071**	(1,118)
Cash (used in) financing activities	**-**	-	**-**	(2,735)
Debt to equity ratio	**0.17 to 1**	0.18 to 1	**0.17 to 1**	0.18 to 1

Cash used in operating activities for the three and nine months ended September 30, 2016 was primarily impacted by a reduction in adjusted EBITDA and net cash tax payments, which was offset by a reduction in working capital.

Cash generated from investing activities for the three months September 30, 2016 was comprised of proceeds from the sale of PPE. During the nine months ended September 30, 2016, cash generated from investing activities was partially offset by PPE purchases. For the three and nine months ended September 30, 2015 the Corporation collected $0.9 million of proceeds from escrow related to the 2014 divestiture of the Corporation's Mobile Solutions segment. Additions to intangible assets as a result of capitalized development costs also impacted cash flows during the nine months ended September 30, 2015.

Cash used in financing activities for the three and nine months ended September 30, 2016 has been $nil. For the three and nine months ended September 30, 2015 cash flows from financing activities primarily related to the payment of dividends. The Board of Directors approved the suspension of the quarterly dividend in the third quarter of 2015.

Cash preservation efforts were successful over the third quarter, largely as a result of approximately $12 million of annual cash costs that were removed from the Corporation's cost base through the successful execution of the Restructuring Plan. Looking forward, absent an increase in revenue, it will become increasingly challenging to maintain current cash balances as there is limited ability to further draw down working capital. Subsequent to September 30, 2016, the Corporation received $2.3 million in corporate tax refunds and settled certain other assets and provisions relating to a previous divestiture, which will support liquidity through the remainder of 2016. In addition, management will continue to exercise discipline over spending and attempt to reduce inventory levels to align to current market activity.

Management believes the Corporation has sufficient capital to fund its operations in the near term. If the down-cycle persists for an extended period of time with no increase in revenues, the Corporation may be required to review options to raise capital.

OTHER FINANCIAL INFORMATION

OUTSTANDING SHARE DATA

As at November 2, 2016 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	27,704,239
Convertible equity securities:	
Stock options	2,141,668

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
May 15, 2015	June 11, 2015	$0.05
March 11, 2015	April 13, 2015	$0.05
December 4, 2014	December 31, 2014	$0.05
September 9, 2014	October 8, 2014	$0.05
May 23, 2014	June 20, 2014	$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.

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has evaluated whether there were changes in our Internal Controls over Financial Reporting (ICFR) during the nine month period ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our ICFR. No such changes have been identified. Please see page 32 of McCoy Global's 2015 Annual Report for a discussion of internal controls over financial reporting and disclosure controls.

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, 2015 is available on SEDAR at www.sedar.com.

OTHER INTERIM MD&A REQUIREMENTS

There have been no significant changes in the following items from those described in our 2015 Annual Report. Please refer to the page numbers listed below from McCoy Global's 2015 Annual Report:

- Financial instruments and financial risk management – pages 22-25;
- Capital management – page 26;
- Contractual obligations and off balance sheet arrangements – page 27;
- Related party transactions – pages 27-28;
- Critical accounting estimates and judgements – page 30; and
- Critical risks and uncertainties – pages 33-36.