MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2019

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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated March 5, 2020, 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, 2019 and 2018. The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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:

- business strategy;
- future development and organic growth prospects;
- impact of re-structuring plans and cost structure;
- competitive advantages; and
- merger and acquisition strategy.

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 and operating strategies of the Corporation; which 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 considers 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:

- oil and natural gas price fluctuations;
- domestic and foreign competition;
- technology;
- replacement or reduced use of products and services;
- international operations and international trade relations;
- global health crisis;
- ability to effectively manage growth;
- business mergers and acquisitions;
- insurance sufficiency, availability and rate risk;
- supply chain;
- reliance on key persons workforce availability;
- legal compliance;
- litigation;
- breach of confidentiality;
- safety performance;
- foreign exchange;
- availability of financing;
- raising equity through the issuance of shares;
- shareholder activism;
- customers' inability to obtain credit/financing;
- material differences between actual results and management estimates and assumptions;
- impact of the United States-Mexico-Canada Agreement;
- Greenhouse Gas ("GHG") regulations;
- change in U.S. administration;
- conservation measures and technological advances;
- terrorist attack or armed conflict;
- sufficiency of internal controls;
- information security; and
- challenges by taxation authorities.

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 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 non-GAAP measures presented under IFRS.

EBITDA is non-GAAP measure defined as net earnings (loss), before:

- depreciation of property, plant and equipment;
- amortization of intangible assets;
- income tax expense (recovery); and
- finance charges, net.

Adjusted EBITDA is a non-GAAP measure defined as net (loss) earnings, before:

- depreciation of property, plant and equipment;
- amortization of intangible assets;
- income tax expense (recovery);
- finance charges, net;
- provisions for (recovery of) excess and obsolete inventory;
- other losses (gains), net;
- restructuring charges;
- share-based compensation; and
- impairment losses.

The Corporation reports on EBITDA and adjusted EBITDA because they are important measures used by management to evaluate performance. The Corporation believes adjusted EBITDA assists investors in assessing McCoy Global's current operating performance on a consistent basis without regard to non-cash, unusual (i.e. infrequent and not considered part of ongoing operations), or non-recurring items that can vary significantly depending on accounting methods or non-operating factors.

Adjusted EBITDA is not considered an alternative to net earnings or loss 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. 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 statements of cash flows.

OUTLOOK AND FORWARD-LOOKING INFORMATION

KEY DIGITAL TECHNOLOGY DEVELOPMENT, STRATEGIC TECHNOLOGY ACQUISITION AND STRONG OPERATIONAL PERFORMANCE

Continued fiscal discipline and working capital efficiency

Despite the challenging market conditions experienced throughout 2019, McCoy Global's strong operational performance resulted in $0.2 million of annual earnings and annual Adjusted EBITDA of $4.4 million, or 8% of revenue, an improvement of 8 percentage points year over year. Our disciplined execution of increasing working capital efficiency was also evident, driving $6.9 million of cashflow from operating activities for 2019.

In the fourth quarter of 2019, despite a 12% decline in revenue from the comparative period, operational efficiencies and favorable product mix improved Adjusted EBITDA to $1.5 million, or 13% of revenue, an improvement of 7 percentage points from the comparative period. Revenue was negatively impacted by a decline in order intake as a result of the challenging North America land market and timing of international orders received.

Continued improvements in international and offshore markets drove $14.5 million in orders for the fourth quarter of 2019, with strong order intake and quoting activity continuing into early 2020. As at December 31, 2019 the Corporation reported backlog of $12.2 million, which will positively position McCoy for the first half of 2020.

Declining activity levels in the US land market were persistent throughout 2019 and the negative impact on capital spending by customers in this region continues. We anticipate drilling activity in the US land market will continue to be challenged throughout 2020.

International and offshore markets, however, highlight an area of opportunity for McCoy as this sector continues its gradual recovery. McCoy's engineering capabilities and technology offerings position the Corporation to partner with a diverse range of customers as a solutions provider to address complex challenges and drive new revenue opportunities.

Products introduced under McCoy's Digital Technology Roadmap, including the addition of the DrawWorks' product portfolio, will be key to generating incremental revenue in this uncertain market environment as the industry moves towards a focus on data driven solutions to increase efficiency, reduce labor costs and improve safety.

While the strong order intake experienced late in 2019, and through early 2020, will provide visibility for the first half of 2020, recent global developments illustrate the volatile nature of commodity prices and the uncertain market environment that lies ahead. As such, we continue to manage our business with prudence and look for opportunities to drive efficiencies where possible. Late in the fourth quarter of 2019, further cost reductions were implemented and we expect this to result in US$1.0 million of annualized cost savings. The full impact of these measures will begin to be reflected in the first quarter of 2020.

Despite the uncertain market outlook, McCoy remains focused on developing and commercializing new data driven solutions for our customers, driving profitability and managing working capital to improve cash flow and return on capital.

Purchase and successful integration of DrawWorks LP

In the fourth quarter of 2019, McCoy completed a critical advancement of its strategic technology initiatives with the acquisition of DrawWorks LP ("DrawWorks"). DrawWorks' team of skilled engineers have developed innovative technology offerings which are complementary to McCoy, one of which is the recently developed DWCRT™, a modular mechanically operated casing running tool. This acquisition is an integral component for our Digital Technology Roadmap, and will enables us to deliver enhanced solutions to our customers through the integration of our data-driven technology platform with DrawWorks' technology offerings. Early in 2020, we have begun to unlock DrawWorks' depth of design expertise on new products and technical packages to further advance our technology offerings in future.

McCoy is leveraging its strong global footprint to enable DrawWorks' products to reach new customers and markets under our globally recognized, and respected McCoy brand. Commitments for the purchase on 3 units were received in the fourth quarter. Shortly following close, the production of DrawWorks' technologies has been fully integrated into McCoy's existing production footprint, while DrawWorks' customer base is being supported through McCoy's global technical sales and service team.

Focused development of digital technologies

Now more than ever, the increased emphasis on capital discipline from our customers is driving the need for increased efficiency through innovative technologies. McCoy is committed to addressing our customers' most challenging needs through investments in data driven technologies under its 'Digital Technology Roadmap' initiative. In 2019, McCoy invested $1.9 million to develop a cloud-based platform and digital infrastructure to enable future digital product offerings and enhancements. We have since introduced the first two digital products under the initiative:

A remote support service that enables real-time connection makeup evaluation support for Tubular Running Service customers

An applied calibration machine learning technology for McCoy's Tubular Make-Up equipment servicing requirements

Both products are quickly gaining traction with our customers and we have received positive feedback on the product offerings' ability to deliver reliable data and drive efficiencies. Since its initial launch in the fourth quarter of 2019, our customers have used Virtual Threadrep™ to monitor make-up on 1000's of connections.

In 2020, McCoy has allocated US$2.7 million to further advance the 'Digital Technology Roadmap' initiative through the development of a digitally integrated casing running package built on in-depth engineering expertise and customer-focus. Under the initiative, McCoy plans to introduce additional technologies during the fourth quarter of 2020.

In December of 2019, McCoy announced the appoint of Mr. William "John" Walker to its Board of Directors. As McCoy Global continues to advance its Digital Technology Roadmap, Mr. Walker's addition to the Board of Directors will strengthen our depth of industry knowledge and customer-centric focus. Mr. Walker provides extensive industry experience and expertise in key areas such as tubular running services, drilling solutions and digital transformation services. We expect his involvement and input to enhance McCoy's technology focus and specifically generate advances for our technology and service offerings on a global basis.

In summary, in the year ahead, we will be focused on:

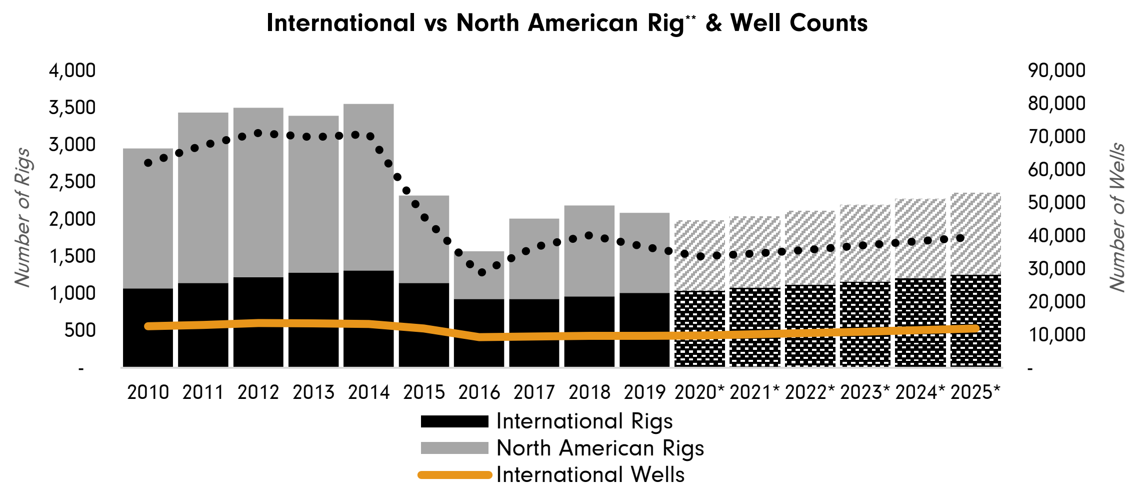
- Successfully executing digital technology development plans that will define our future,
- Growing market penetration of new and recently developed products in our portfolio, and
- Generating cashflow from operations through fiscal disciple and continued working capital efficiency to invest in our technology development initiatives and key rental opportunities.

We believe this strategy, together with our depth of engineering expertise, intimate customer knowledge and global footprint, complete portfolio of casing running products, and large installed base, will further advance the McCoy's competitive position, regardless of the market environment.

MARKET CONDITIONS

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.

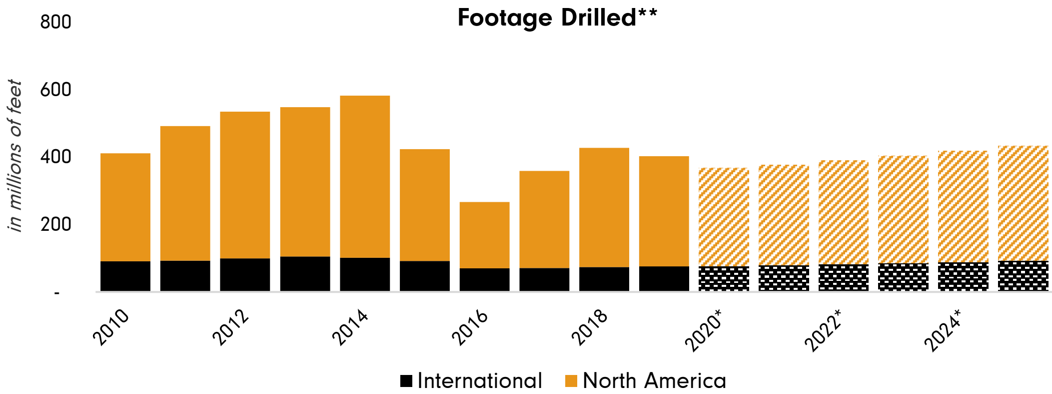
A summary of historical and forecasted rig and well counts, which includes both land and offshore, obtained from Spears & Associates Drilling and Production Outlook, December 2019, is as follows:



**Forecasted*

***Cumulative*

A summary of historical and forecasted footage drilled, which includes both land and offshore, obtained from Spears & Associates Drilling and Production Outlook, December 2019, is as follows:



**Forecasted*
***Cumulative*

The demand for McCoy Global's products and services is related to drilling activity levels and customers' capital and operating budgets, which in turn are influenced by oil and natural gas prices and expectations as to future price trends. The availability of existing capital equipment adequate to serve drilling activity requirements, or lack thereof, further drives demand levels for McCoy's capital equipment products.

Industry fundamentals strengthened through much of 2018, giving rise to higher drilling activity and to some degree, customer spending primarily in North America. However, in the fourth quarter of 2018, oil prices declined sharply which led to increased uncertainty surrounding our customers' 2019 capital budgets, and customers generally taking a more conservative approach to capital outlays.

In the North American land market, competition, cash constraints, pricing pressure and declines in market activity have continued to influence customer decisions on well-construction equipment purchases throughout 2019. This trend is expected to continue through 2020 McCoy continues to respond to this challenging market environment by investing in data driven technologies to improve efficiency for its customers.

International and offshore markets have continued their gradual recovery and customers have begun to re-invest in equipment to meet demand and look to new technologies to drive efficiency and improve safety. McCoy continues to have a strong product presence in the offshore and international markets. McCoy also remains in a strong position to take advantage of growth due to its depth of engineering expertise and large, global installed base of technologies including land and offshore applications.

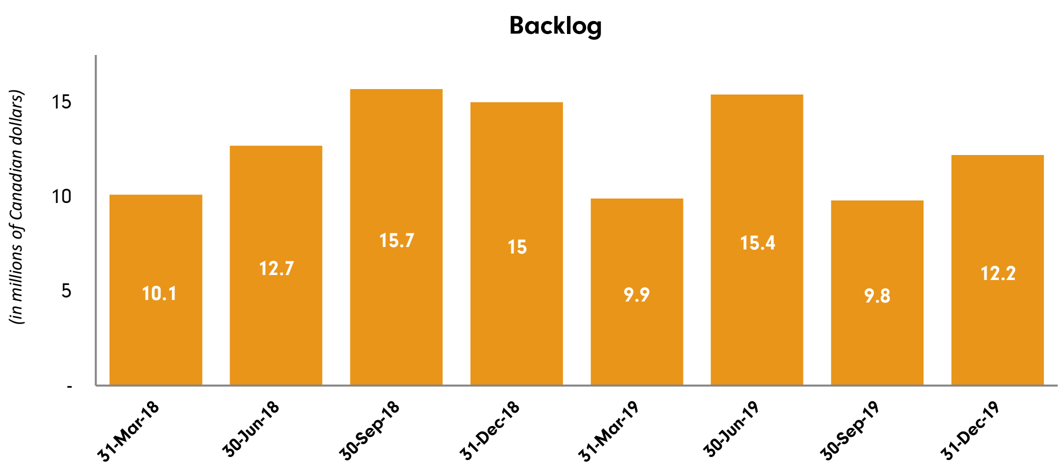
In 2020, McCoy anticipates that higher international and offshore activity levels and growing market share for certain of McCoy's products and services will continue to partially offset the continuing effects of capital austerity in the North American land marketplace. While McCoy's current order backlog provides visibility for the first half of 2020, recent global developments illustrate the volatile nature of commodity prices and the uncertain market environment that lies ahead.

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, however may be 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.

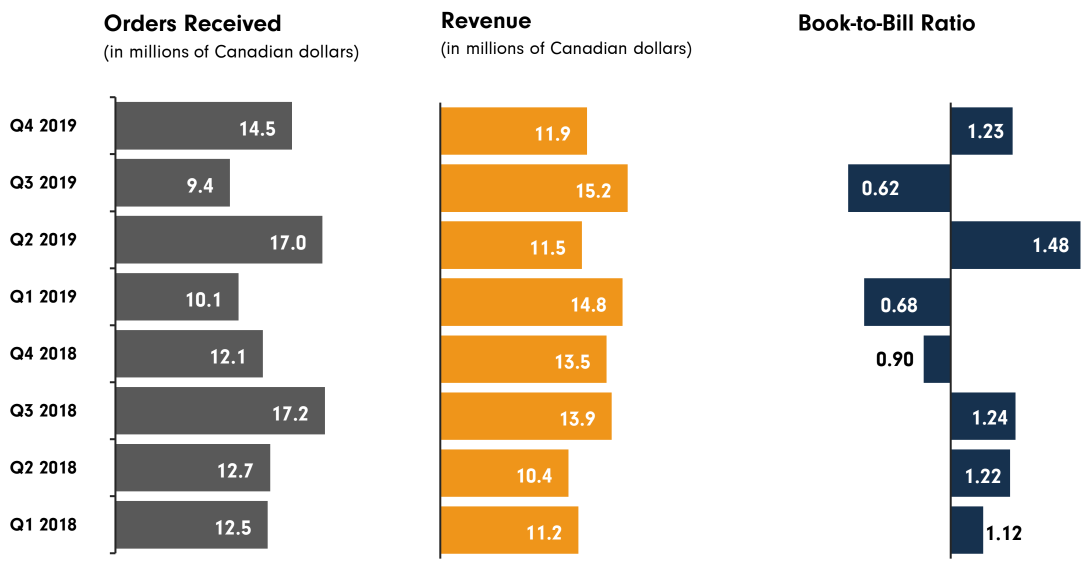
McCoy Global's backlog as at December 31, 2019 totaled $12.2 million (Q3 2019 - $9.8 million), an increase of $2.4 million or 24% from September 30, 2019.



Book-to-Bill Ratio

The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized. 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.

Set out below are orders received, revenue and the book-to-bill ratio:



Orders received are those orders in a period which have been included in backlog. Orders received are typically booked in $USD. For each reporting period, orders received are converted to $CAD at an average foreign exchange rate for the period. As a result, orders received can fluctuate from one reporting period to another because of foreign exchange volatility.

STRATEGY AND CORE BUSINESS VISION

McCOY GLOBAL'S VISION IS TO BE RECOGNIZED AS THE TRUSTED PARTNER DELIVERING SMART SOLUTIONS FOR RUGGED APPLICATIONS

McCoy Global Inc. is incorporated and domiciled in Canada and is a leading provider of technologies designed to support wellbore integrity and assist with collecting critical data for the global energy 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 and development.

The Corporation is engaged in the following:

- design, production and distribution of capital equipment to support wellbore integrity and to support capital equipment sales through aftermarket products and services such as technical support, consumables, and replacement parts;
- design, production and distribution of data collection technologies used in rugged applications for the global energy industry as well as in construction, marine and aerospace;
- repair, maintenance, and calibration of the Corporation's capital equipment and similar competitor products; and
- rental of the Corporation's technologies.

Set out below are McCoy Global's principal operations:

Operating Name	Country of Incorporation	Operating Region	Ownership Interest
McCoy Global Canada Corp.	Canada	Canada	100%
McCoy Global FZE	United Arab Emirates	Eastern Hemisphere	100%
McCoy Global USA, Inc.	United States	United States, Central America & Latin America	100%

FINANCIAL RESULTS

SUMMARY OF CONSOLIDATED FOURTH QUARTER RESULTS

For the three months ended December 31 ($000 except per share amounts)	**2019**	2018
Revenue	**11,875**	13,543
Net earnings	**61**	931
Per common share – basic	**-**	0.03
Per common share – diluted	**-**	0.03
Adjusted EBITDA	**1,487**	776
Per common share – basic	**0.05**	0.03
Per common share – diluted	**0.05**	0.03

EBITDA and adjusted EBITDA are calculated as follows:

For the three months ended December 31 ($000)	**2019**	2018
Net earnings	**61**	931
Depreciation of property, plant and equipment	**723**	378
Amortization of intangible assets	**150**	146
Income tax expense (recovery)	**-**	(43)
Finance charges, net	**242**	101
EBITDA	**1,176**	1,513
Provisions for (recovery of) excess and obsolete inventory	**288**	(707)
Other (gains), net	**(12)**	(239)
Share-based compensation	**35**	144
Restructuring charges	**-**	65
Adjusted EBITDA	**1,487**	776

Net earnings, EBITDA and Adjusted EBITDA were impacted by the adoption of IFRS 16 which replaced operating expenses with depreciation of right-of-use-assets and finance charges on lease liabilities. During the three months ended December 31, 2019, the Corporation recognized $0.3 million in depreciation of right-of-use-assets and $0.1 million finance charges on lease liabilities. For the three months ended December 31, 2019, the adoption of IFRS 16 resulted in a $0.2 million increase in EBITDA and Adjusted EBITDA. For the three months ended December 31, 2019, principal portions of lease payments of $0.3 million were recorded as financing activities on the statements of cash flows. The Corporation has not restated comparatives for 2018 as permitted by the transitional provisions of IFRS 16.

Revenue

($000 except percentages)	For the three months ended December 31 2019	2018	Change	% Change
Revenue	**11,875**	13,543	(1,668)	(12%)

Revenue for the three months ended December 31, 2019 was impacted by the decline in order intake experienced in the third quarter as a result of challenged North American activity levels and the timing of international orders received. Capital equipment revenues from international and offshore markets tend to be more project-driven and often require higher technical specifications, and as a result the timing of revenue recognition is more sensitive to the timing of order placement.

Gross profit

($000 except percentages)	For the three months ended December 31 2019	2018	Change	% Change
Gross profit (loss)	**3,943**	4,192	(249)	(6%)
Gross profit (loss) as a % of revenue	***33%***	*31%*	*2%*	

Gross profit improved from the comparative period as a result of favorable product mix, in combination with the cost reductions realized as a result of continued focus on supply chain efficiencies.

Gross profit for the three months ended December 31, 2019 includes a $0.3 million expense of excess and obsolete inventory (2018 – recovery of $0.7 million).

General and administration Expense (G&A)

($000 except percentages)	For the three months ended December 31 2019	2018	Change	% Change
G&A	**2,189**	1,990	199	10%
G&A as a % of revenue	***18%***	*15%*	*3%*	

G&A spend and G&A as a percentage of revenue increased modestly from the comparative period as a result of certain project expenditures. Late in the fourth quarter of 2019, the Corporation implemented further cost reductions that will be reflected in the results of future periods. The Corporation continues to monitor its overhead spend and drive increased operational efficiencies.

Sales and marketing expense (Sales & Marketing)

($000 except percentages)	For the three months ended December 31 2019	2018	Change	% Change
Sales & marketing	**469**	625	(156)	(25%)
Sales & marketing as a % of revenue	***4%***	*5%*	*(1%)*	

Sales & Marketing has decreased from the comparative periods as a result of cost reductions that took place in the third quarter of 2019.

RESEARCH AND DEVELOPMENT (R&D)

($000 except percentages)	For the three months ended December 31			
	2019	2018	Change	% Change
R&D expense	**994**	762	232	30%
Capitalized development expenditures	**313**	-	313	100%
R&D expenditures	**1,307**	762	545	72%
R&D expenditures as a % of revenue	**11%**	6%	5%	

McCoy has continued to focus on developing new technologies that address customer challenges. McCoy completed the first phase of the Technology Roadmap with the successful introduction of two digital products in the fourth quarter of 2019:

A remote support service that enables real-time connection makeup evaluation support for Tubular Running Service customers

An applied calibration machine learning technology for McCoy's Tubular Make-Up equipment servicing requirements

In addition to the successful introduction of these products, McCoy has developed the cloud-based platform and digital infrastructure to further enable future digital product offerings and enhancements.

Costs incurred on product development are capitalized as intangible assets when it is probable the development will provide economic benefits, considering its commercial and technical feasibility, the resources available for development and that costs can be measured reliably.

OTHER ITEMS

($000 except percentages)	For the three months ended December 31			
	2019	2018	Change	% Change
Finance charges, net	**242**	101	141	140%
Other (gains) and losses, net	**(12)**	(239)	227	(95%)
Restructuring charges	**-**	65	(65)	(100%)

Finance charges, net, includes borrowing costs offset by interest income on cash and cash equivalents. For the three months ended December 31, 2019 finance charges, net, also includes interest charges imputed on leases in accordance with IFRS 16.

Other (gains) losses, net, primarily includes costs associated with foreign exchange fluctuations, merger and acquisition costs and any associated non-recurring integration expenditures, and gains or losses on the disposal of property, plant and equipment.

Restructuring charges recognized during the three months ended December 31, 2018 related to restructuring initiatives to reduce the Corporation's cost structure related to transitioning production from Edmonton, Alberta to Broussard, Louisiana; and consolidating Eastern Hemisphere operations in the United Arab Emirates.

SUMMARY OF QUARTERLY RESULTS

($000 except per share amounts)	2019				2018			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenue	**11,875**	15,222	11,455	14,840	13,543	13,899	10,391	11,243
Impairment and restructuring charges	**-**	-	-	-	65	15	1,028	798
Net earnings (loss)	**61**	1,238	(1,590)	524	931	183	(2,954)	(1,951)
Basic and diluted earnings (loss) per share	**-**	0.04	(0.06)	0.02	0.03	0.01	(0.11)	(0.07)
EBITDA	**1,176**	2,144	(828)	1,289	1,513	911	(1,054)	(1,392)
Adjusted EBITDA	**1,487**	2,213	(61)	713	776	687	(772)	(482)

Net earnings (loss), EBITDA and Adjusted EBITDA were impacted by the adoption of IFRS 16, effective January 1, 2019, which replaced operating expenses with depreciation of right-of-use-assets and finance charges on lease liabilities.

During the three months ended December 31, 2019, the Corporation recognized $0.3 million in depreciation of right-of-use-assets and $0.1 million finance charges on lease. For the three months ended December 31, 2019, the adoption of IFRS 16 resulted in a $0.3 million increase in EBITDA and Adjusted EBITDA.

SUMMARY OF CONSOLIDATED ANNUAL RESULTS

For the year ended December 31 ($000 except per share amounts)	2019	2018	2017
Revenue	**53,392**	49,076	40,045
Net earnings (loss)	**233**	(3,791)	(16,317)
Per common share – basic	**0.01**	(0.14)	(0.59)
Per common share – diluted	**0.01**	(0.14)	(0.59)
Adjusted EBITDA	**4,352**	205	(3,296)
Per common share – basic	**0.16**	0.01	(0.12)
Per common share – diluted	**0.16**	0.01	(0.12)
Total assets	**59,630**	59,742	57,438
Total liabilities	**21,780**	19,335	16,232
Total non-current liabilities	**7,879**	3,955	666

EBITDA and adjusted EBITDA are calculated as follows:

For the year ended December 31 ($000)	2019	2018	2017
Net earnings (loss)	**233**	(3,791)	(16,317)
Depreciation of property, plant and equipment	**2,729**	2,573	2,335
Amortization of intangible assets	**155**	585	819
Income tax expense (recovery)	**-**	319	(969)
Finance charges, net	**664**	292	183
EBITDA	**3,781**	(22)	(13,949)
(Recovery of) provisions for excess and obsolete inventory	**(506)**	(1,717)	6,204
Other losses (gains), net	**888**	(165)	915
Restructuring charges	**-**	1,004	2,710
Share-based compensation	**189**	203	218
Impairment charges	**-**	902	606
Adjusted EBITDA	**4,352**	205	(3,296)

Net earnings, EBITDA and Adjusted EBITDA were impacted by the adoption of IFRS 16 which replaced operating expenses with depreciation of right-of-use-assets and finance charges on lease liabilities. During the year ended December 31, 2019, the Corporation recognized $0.9 million in depreciation of right-of-use-assets and $0.3 million finance charges on lease liabilities. For the year ended December 31, 2019, the adoption of IFRS 16 resulted in a $1.2 million increase in EBITDA and Adjusted EBITDA. For the year ended December 31, 2019, principal portions of lease payments of $0.9 million were recorded as financing activities on the statements of cash flows. The Corporation has not restated comparatives for 2018 as permitted by the transitional provisions of IFRS 16.

Revenue

($000 except percentages)	For the year ended December 31 2019	2018	Change	% Change
Revenue	**53,392**	49,076	4,316	9%

Following steady improvements in oil prices and global drilling activity levels through much of 2018, commodity prices declined sharply during the fourth quarter of 2018. This led to increased uncertainty surrounding our customers' 2019 capital budgets, with customers generally taking a more conservative approach to the start of 2019.

While drilling activity levels in the U.S. land market declined throughout 2019, international and offshore markets continued their gradual recovery throughout 2019 more than offsetting the decline in the Corporation's order intake from the North American market.

Gross profit

($000 except percentages)	For the year ended December 31 2019	2018	Change	% Change
Gross profit	**16,328**	12,686	3,642	29%
Gross profit as a % of revenue	***31%***	*26%*	*5%*	

Gross profit increased from the comparative period as a result of increased production through-put, in combination with the cost reductions realized as a result of continued focus on supply chain efficiencies. Gross profit in the comparative periods includes the transitional impact of the consolidation of production facilities and costs associated with transitioning to an assembly production model.

Included in gross profit is a non-cash recovery for excess and obsolete inventory of $0.5 million (2018 – recovery of $1.7 million).

General and administration expense (G&A)

($000 except percentages)	For the year ended December 31 2019	2018	Change	% Change
G&A	**8,938**	8,434	504	6%
G&A as a % of revenue	***17%***	*17%*	-	

G&A spend and G&A as a percentage of revenue increased modestly from the comparative period. Late in the fourth quarter of 2019, the Corporation initiated further cost reduction actions that will be reflected in the results of future periods. The Corporation continues to monitor its overhead spend and expects future G&A expenditures to continue to decline as a percentage of revenue as the Corporation's current overhead cost structure can be leveraged for revenue growth.

SALES AND MARKETING EXPENSE (SALES & MARKETING)

	For the year ended December 31			
($000 except percentages)	**2019**	2018	Change	% Change
Sales & marketing	**2,221**	2,688	(467)	(17%)
Sales & marketing as a % of revenue	***4%***	*5%*	*(1%)*	

Sales & Marketing has decreased from the comparative periods as a result of restructuring initiatives. Sales & Marketing are expected to remain consistent on a go forward basis.

RESEARCH AND DEVELOPMENT (R&D)

	For the year ended December 31			
($000 except percentages)	**2019**	2018	Change	% Change
R&D expense	**3,384**	3,003	381	13%
Capitalized development expenditures	**2,202**	192	2,010	1,047%
R&D expenditures	**5,586**	3,195	2,391	
R&D expenditures as a % of revenue	**10%**	7%	3%	

McCoy has continued to focus on developing new technology to address customer challenges McCoy completed the first phase of the Roadmap with the successful introduction of two digital products:

- VIRTUAL THREAD-REP™ technology: A remote support service that enables real-time connection makeup evaluation support for Tubular Running Service customers
- CALCERT™ technology – providing enhanced measurement certainty: An applied calibration machine learning technology for McCoy's Tubular Make-Up equipment servicing requirements

In addition to the successful introduction of these products, McCoy has developed the cloud-based platform and digital infrastructure to support the future digital product offerings and enhancements.

Costs incurred on product development are capitalized as intangible assets when it is probable the development will provide economic benefits, considering its commercial and technical feasibility, the resources available for development and that costs can be measured reliably.

Other Items

($000 except percentages)	For the year ended December 31 2019	2018	Change	% Change
Other losses (gains), net	**888**	(165)	1,053	(638%)
Finance charges, net	**664**	292	372	127%
Restructuring charges	**-**	1,004	(1,004)	(100%)
Impairment charges	**-**	902	(902)	(100%)

Other losses (gains), net, primarily includes costs associated with foreign exchange fluctuations, merger and acquisition costs and any associated non-recurring integration expenditures, and gains or losses on the disposal of property, plant and equipment. For the year ended December 31, 2019, other losses include a further $0.6 million of provision recorded for certain site remediation costs associated with a previous business divestiture.

Finance charges, net, includes borrowing costs offset by interest income on cash and cash equivalents. For the year ended December 31, 2019 finance charges, net, also includes interest charges imputed on leases in accordance with IFRS 16.

Restructuring charges recognized during the year ended December 31, 2018 related to restructuring initiatives to reduce the Corporation's cost structure related to transitioning production from Edmonton, Alberta to Broussard, Louisiana; and consolidating Eastern Hemisphere operations in the United Arab Emirates.

Impairment charges recognized during the year ended December 31, 2018 related to internally generated intellectual property. McCoy Global reviewed capitalized development costs related to new product development projects and determined that the future economic benefits expected from the use of these assets was uncertain.

Liquidity and Capital Resources

Selected cash flow and capitalization information is as follows:

For the year ended December 31 ($000)	**2019**	2018
Cash generated from (used in) operating activities	**6,918**	(4,996)
Cash used in investing activities	**(9,063)**	(970)
Cash generated from financing activities	**961**	1,297

Cash generated in operating activities was driven by positive adjusted EBITDA and increased working capital efficiency. For the year ended December 31, 2018, cash used in operating activities was primarily related to working capital to support an increase in order intake and revenue growth.

Cash used in investing activities primarily relates to the strategic acquisition of DrawWorks LP, investment in McCoy's 'Digital Technology Roadmap' and additions to the Corporation's rental fleet. In the previous year, cash used in investing activities related to the expansion of the Corporation's rental fleet.

During the year ended December 31, 2019 the Corporation entered into a loan agreement for $2.4 million USD secured by certain of its US real estate assets in anticipation of the acquisition of DrawWorks LP. Cash used in financing activities related to repayments of the Corporation's term loan, the principal portions of lease payments and the repurchase of shares. In 2018, the Corporation repaid its borrowings under a previous facility and as a result, $2.0 million was released from restricted cash related to borrowings. Subsequent to the repayment, the Corporation executed a loan agreement to borrow $4.0 million USD under a term loan repayable in equal principal payments over four years.

For the three months ended December 31 ($000)	**2019**	2018
Cash generated from (used in) operating activities	**4,222**	(1,651)
Cash (used in) generated from investing activities	**(6,103)**	142
Cash used in financing activities	**(450)**	(272)

Cash generated in operating activities was driven by positive adjusted EBITDA and increased working capital efficiency. For the comparative period, cash used in operating activities was primarily related to working capital to support the increase order intake and revenues offset by the generation of positive EBITDA.

Cash used in investing activities primarily relates to the strategic acquisition of DrawWorks LP, investment in McCoy's 'Digital Technology Roadmap' and additions to the Corporation's rental fleet. In the comparative period, cash generated from investing activities was the result of sales conversion from the Corporation's rental fleet offset by investment in new rental fleet equipment.

Cash used in financing activities in the current and comparative quarter relate to principal repayments of the Corporation's borrowings. For the three months ended December 31, 2019, cash used in financing activities also includes the repayment of principal elements of lease payments in accordance with IFRS 16.

For the year ended December 31 ($000)	**2019**	2018
Cash and cash equivalents	**8,382**	10,947
Restricted cash, as per credit facility	**500**	500
Borrowings	**(8,190)**	(4,775)
Net cash	**692**	6,672

McCoy remains committed to managing the business for success in the current market environment through continued focus on margin improvements through operational efficiencies and diligently maintaining previously enacted cost reduction initiatives. Though market uncertainty continues to be a challenge in developing longer term forecasts for the Corporation, generating operating cashflows and increasing working capital efficiency regardless of market conditions is a key priority for the Corporation.

FINANCIAL RISK MANAGEMENT

The Corporation's activities are exposed to a variety of financial risks of varying degrees of significance, which could affect the Corporation's ability to achieve strategic objectives. Overall, risk management programs focus on the unpredictability of financial and economic markets and seek to minimize potential adverse effects on financial performance. The principal financial risks to which the Corporation is exposed are described in note 22 of the Consolidated Annual Financial Statements for the year ended December 31, 2019.

OTHER FINANCIAL INFORMATION

CONTRACTUAL OBLIGATIONS

The Corporation has committed to payments under leases for premises and equipment. Based on remaining contractual maturities, the undiscounted cash flows for its financial liabilities; future aggregate minimum lease payments under non-cancellable leases; and commitments to purchase inventory and operating supplies are as follows:

As at December 31 (000's)	Due in less than one year	Due between one and two years	Due between two and three years	Total
	$	$	$	**$**
Trade and other payables	5,584	-	-	**5,584**
Borrowings	3,247	5,492	662	**9,401**
Lease liabilities	1,287	2,343	-	**3,630**
Onerous lease provisions	97	-	-	**97**
Undiscounted cash flows for financial liabilities	**10,215**	**7,835**	**662**	**18,712**
Purchase commitments for inventory and operating supplies	2,006	1,122	125	**3,253**
As at December 31, 2019	**12,221**	**8,957**	**787**	**21,965**

RELATED PARTY TRANSACTIONS

On September 15, 2014, the Corporation divested the Coating & Hydraulics division. The Corporation has entered into agreements indemnifying the purchaser with respect to certain leased premises associated with the Coatings & Hydraulics division. These remediation cost estimates are described in note 10(d) of the Consolidated Annual Financial Statements for the year ended December 31, 2019. A member of the Corporation's Board of Directors is the Chairman of, and holds an equity interest in, the purchaser of the Coatings & Hydraulics division.

OUTSTANDING SHARE DATA

As at March 5, 2020 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	27,630,989
Convertible equity securities:	
Stock options	1,898,000
Restricted shares	198,500

The stock options and restricted shares are exercisable into an equal number of common shares. Stock options may be exercised after they have vested. Restricted shares are converted to common shares at pre-determined vesting dates. Options with the following exercise price ranges were outstanding as at March 5, 2020:

Exercise price range	Options outstanding	Weighted average remaining contractual life
	#	years
<$1	775,000	9.77
$1 to $2	610,000	6.13
$2 to $3	313,000	4.51
$3 to $4	200,000	5.04
	1,898,000	7.23

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Corporation's consolidated financial statements requires management to make estimates and judgments about the future that affect the application of accounting policies and the reported amount of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. If these estimates and judgments prove to be inaccurate, future (loss) earnings may be materially impacted.

Estimates and underlying assumption are reviewed on an ongoing basis and revisions to estimates are recognized prospectively. Actual results may differ from these estimates.

The areas involving a higher degree of judgment or estimation that are significant to the consolidated financial statements are as follows:

(i) *Trade and other receivables*

The Corporation records trade and other receivables at amortized cost. Writedowns for trade and other receivables are recorded each period as required under the expected credit loss model and further updated based on management's judgment.

(ii) *Inventories*

The Corporation records inventories at the lower of cost and net realizable value. Write-downs for inventory are recorded each period as required and updated based on management's judgment.

(iii) *Provisions*

Estimates and judgments are used in measuring and recognizing provisions and the Corporation's exposure to contingent liabilities and onerous contracts. Judgment is necessary to determine the likelihood and estimated future outflow of resources that may be required to settle any future or existing claims, onerous contracts or contingent obligations.

(iv) *Income tax*

The Corporation operates in several tax jurisdictions and is required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. The calculation of income taxes requires the use of judgment.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Judgment and estimation is necessary to determine the likelihood and availability of future taxable profits against which tax losses and tax credits carried forward can be used.

(v) *Impairment of non-financial assets*

Long-lived assets include property, plant and equipment, intangible assets and goodwill. The carrying value of these assets is periodically reviewed for impairment (goodwill at least annually) or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with the accounting policy stated in note 3(k). Judgment is required in the aggregation of assets into Cash Generating Units ("CGUs").

The recoverable amounts of CGUs are determined based on the greater of fair value less cost to sell and value-in-use calculations. These calculations require the use of estimates and judgments, including an estimation of the future cash flows from the CGU or group of CGUs and judgment is required in determining the appropriate discount rate. In deriving the underlying projected cash flows, assumptions must also be made about the impact of future drilling activity on revenues, operating margins and market conditions over the useful life of the assets or CGUs. Although estimates are consistent with current industry reports, internal planning and expected future operations, such estimations are subject to uncertainty and judgment.

(vi) *Leases as reported under IFRS 16*

Extension options are included in a number of property leases within the Corporation. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Corporation makes estimates in determining the incremental borrowing rate used to measure the lease liability for each lease contract. The incremental borrowing rate should reflect the interest that the Corporation would have to pay to borrow at a similar term with similar security.

(vii) *Business combinations*

The Corporation applies judgement on the recognition and measurement of assets acquired and liabilities assumed, and estimates are used to calculate and measure such adjustments. In measuring the fair value of the acquiree's assets and liabilities, management uses estimates about future cash flows and discount rates. Any measurement changes after initial recognition would affect the measurement of goodwill.

Future accounting pronouncements

From time to time, the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") issue a number of new standards, amendments to standards and interpretations that are effective for future reporting periods. There are no other standards that are not yet effective that would be expected to have a material impact on the Corporation in the current or future reporting periods at this time.

Controls and procedures

Disclosure controls and procedures ("DC&P")

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

An evaluation of the design and operating effectiveness of our DC&P was conducted, as at December 31, 2019, by management under the supervision of the CEO and the CFO. Based on this evaluation, the CEO and the CFO have concluded that, as at December 31, 2019, our DC&P, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), was effective.

Internal controls over financial reporting ("ICFR")

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.

Our ICFR includes policies and procedures that pertain to the maintenance of records that provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets; and are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our annual consolidated financial statements.

Because of its inherent limitations, ICFR can provide only reasonable assurance and may not prevent or detect misstatements.

Furthermore, projections of an evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management, under the supervision of the CEO and CFO, has evaluated the design and operating effectiveness of our ICFR using the framework and criteria established in Internal Controls – Integrated Framework of 2013, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, the CEO and the CFO have concluded that as at December 31, 2019, ICFR (as defined in NI 52-109) were effective. There were no changes in our ICFR during the year ended December 31, 2019 that have materially affected, or are reasonably likely to affect, our ICFR.

Risk and uncertainties related to the business

The Corporation's results of operations, business prospects, financial condition, cash distributions to shareholders and the trading price of the Corporation's shares are subject to a number of risks. These risk factors include:

- oil and natural gas price fluctuations;

- domestic and foreign competition;
- technology;
- replacement or reduced use of products and services;
- international operations and international trade relations:
- global health crisis;
- ability to effectively manage growth;
- business mergers and acquisitions;
- insurance sufficiency, availability and rate risk;
- supply chain;
- reliance on key persons workforce availability;
- legal compliance;
- litigation;
- breach of confidentiality;
- safety performance;
- foreign exchange;
- availability of financing;
- raising equity through the issuance of shares;
- customers' inability to obtain credit/financing;
- material differences between actual results and management estimates and assumptions;
- impact of the United States-Mexico-Canada Agreement;
- Greenhouse Gas ("GHG") regulations;
- change in U.S. administration;
- conservation measures and technological advances;
- terrorist attack or armed conflict;
- sufficiency of internal controls;
- information security; and
- challenges by taxation authorities.

A discussion of these risks and other risks associated with investment of the Corporation's shares is given elsewhere in this MD&A as well as in "Risk Factors" detailed in the Corporation's Annual Information Form ("AIF") that is available on SEDAR at www.sedar.com.

RISK FACTORS

In addition to risks described elsewhere in this MD&A or in the AIF, the Corporation is exposed to various business risks which include but are not limited to the following:

OIL AND NATURAL GAS FLUCTUATIONS

A downturn in oil and natural gas prices worldwide has a direct impact on activities of the Corporation's customers.

Generally, there is higher demand for the Corporation's products and services when commodity prices are relatively high and the opposite is true when commodity prices are low. The volatility of crude oil and natural gas prices accounts for much of the cyclical nature of the oilfield services business.

Worldwide military, political and economic events, expectations for global economic growth, or initiatives by the Organization of the Petroleum Exporting Countries and other major petroleum exporting countries, can affect supply and demand for oil and natural gas. Weather conditions, governmental regulation (in Canada and elsewhere), levels of consumer demand, the availability of pipeline capacity, U.S. and Canadian natural gas storage levels, and other factors beyond the Corporation's control can also affect the supply of and demand for oil and natural gas and lead to future price volatility. A prolonged reduction in oil and natural gas prices would likely depress the level of exploration and production activity. This would likely result in a corresponding decline in the demand for McCoy

Global's products and services and could have a material adverse effect on the Corporation's revenue, cash flow and profitability.

McCoy Global has trade receivables with customers in the oil and natural gas industry and their revenues may be affected by fluctuations in commodity prices. The Corporation's ability to collect receivables may be adversely affected by any prolonged weakness in oil and natural gas prices.

DOMESTIC AND FOREIGN COMPETITION

The Corporation has competitors. If the Corporation does not respond effectively to competitors' new products, geographic expansion, quality, delivery, pricing and marketing strategies, the Corporation may lose market share. Further, drillers and operators are constantly evolving the means of extracting hydrocarbons, with an emphasis on safety and automation. If competitors develop complimentary or similar products which better align with customer requirements, the Corporation is at risk of customers switching to competitor products.

Reduced levels of activity in the oil and natural gas industry can intensify competition and result in pricing pressure on McCoy Global's products and services, and corresponding lower revenue to the Corporation.

TECHNOLOGY

The oilfield products and services industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oilfield product and services companies may have greater financial, technical and personnel resources that allow them to expedite development of new technologies before the Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures and develop such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently developed by the Corporation or developed in the future may become obsolete which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. No assurances can be given that McCoy Global's competitors will not achieve technological advantages or introduce disruptive technologies.

McCoy Global may seek patents or other similar protections in respect of particular products and technology, however, McCoy Global may not be successful in such efforts. Competitors may also develop similar products and technology thereby adversely affecting McCoy Global's competitive advantage in one or more of McCoy Global's product lines. Additionally, there is no assurance that certain products or technology McCoy Global develops, may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on McCoy Global's business, financial condition, results of operations and cash flows. Furthermore, others may infringe on McCoy Global's intellectual property rights, McCoy Global may not be successful in defence of such infringement claims.

REPLACEMENT OR REDUCED USE OF PRODUCTS AND SERVICES

Certain of the Corporation's products may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be preferable for other reasons. The Corporation will need to remain current with the changing market for oil and natural gas services and technological and regulatory changes. If the Corporation fails to do so, this could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

INTERNATIONAL OPERATIONS & INTERNATIONAL TRADE RELATIONS

McCoy Global operates internationally through direct sales and distributors with operations in Canada, the United States and the United Arab Emirates. The Corporation's international operations are subject to risks normally associated with conducting business in foreign countries, including among others:

- an uncertain political and economic environment;

- the loss of revenue or property and equipment as a result of expropriation, confiscation, nationalization, contract deprivation and force majeure;
- war, terrorist acts or threats, civil insurrection, and geopolitical and other political risks;
- fluctuations in foreign currency and exchange controls;
- restrictions on the repatriation of income or capital;
- increases in duties, taxes and governmental royalties;
- changes in laws and policies governing operations of foreign-based companies; and
- trade restrictions or embargoes imposed by the U.S. or other countries.

If there is a dispute relating to the Corporation's international operations, McCoy Global may be subject to the exclusive jurisdiction of foreign courts or may not be able to subject foreign persons to the jurisdiction of a court in Canada or the U.S.

In the international markets where the Corporation operates, McCoy Global is subject to various laws and regulations that govern the operation and taxation of its businesses and the import and export of the Corporation's equipment from country to country. There may be uncertainty about how these laws and regulations are imposed, applied or interpreted, and they could be subject to change. Since McCoy Global derives a portion of its revenues from subsidiaries outside of Canada and the U.S., the subsidiaries paying dividends or making other cash payments or advances may be restricted from transferring funds in or out of the respective countries, or face exchange controls or taxes on any payments or advances. McCoy Global has organized its foreign operations partly based on certain assumptions about various tax laws (including capital gains and withholding taxes), foreign currency exchange, and capital repatriation laws and other relevant laws of a variety of foreign jurisdictions. McCoy Global believes these assumptions are reasonable; however, there is no assurance that foreign taxing or other authorities will reach the same conclusion. If these foreign jurisdictions change or modify the laws, the Corporation could suffer adverse tax and financial consequences.

While the Corporation has developed policies and procedures designed to achieve compliance with applicable international laws, McCoy Global could be exposed to potential claims, economic sanctions, or other restrictions for alleged or actual violations of international laws related to the Corporation's international operations, including anti-corruption and anti-bribery legislation, trade laws and trade sanctions. The Canadian government, the U.S. Department of Justice, the Securities and Exchange Commission, the U.S. Office of Foreign Assets Control, and similar agencies and authorities in other jurisdictions have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for such violations, including injunctive relief, disgorgement, fines, penalties and modifications to business practices and compliance programs, among other things. While the impact of any of these factors, if any of those risks materialize, cannot be accurately predicted, it could have a material adverse effect on the Corporation's reputation, business, financial condition, results of operations and cash flow.

Global Health Crisis

The Corporation may be impacted by global heath pandemics, including through supply chain disruption, business interruption, changes in customer demand for McCoy's products and services, stock price volatility, among other risks.

Ability to Effectively Manage Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The Corporation's ability to manage growth effectively will require it to continue to implement and improve its operations and financial systems and to expand, train and manage its employee base. The Corporation's inability to deal with this growth could have a material adverse impact on its business, financial condition, results of operations and cash flows.

BUSINESS MERGERS AND ACQUISITIONS

McCoy Global considers and evaluates mergers and acquisitions of, or investments in, complementary businesses and assets as part of McCoy Global's growth strategy. Any merger or acquisition could have a material adverse effect on the Corporation's operating results, financial condition, or the price of the Corporation's securities. Mergers and acquisitions involve numerous risks, including unanticipated costs and liabilities, difficulty in integrating the operations and assets of the acquired business, the ability to properly access and maintain an effective internal control environment over an acquired company to comply with public reporting requirements, potential loss of key employees and customers of the acquired companies, and an increase in the Corporation's expenses and working capital requirements.

If McCoy Global is successful in integrating current or future acquisitions into its operations, the full benefits, such as operational or administrative synergies, expected from acquisitions may not be realized, which may result in the Corporation committing capital resources and not receiving the expected returns. In addition, McCoy Global may not be able to continue to identify attractive acquisition opportunities or successfully acquire identified targets. In certain situations, the Corporation may find itself competing for targets with other strategic and non-strategic buyers which may have the desire or ability to value targets at a higher purchase price than McCoy Global.

INSURANCE SUFFICIENCY, AVAILABILITY AND RATE

Although the Corporation believes its insurance coverage to be appropriate for the nature of the risks relative to the costs of coverage, such coverage may not be adequate. Furthermore, the Corporation's ability to procure effective insurance at favorable rates is dependent on various operational factors including the number of claims and amounts paid out.

Furthermore, the Corporation may become the subject of claims, lawsuits and and/or administrative proceedings seeking damages or other remedies concerning our commercial operations, product, employees and other matters. Some of these claims could relate to the activities of businesses that have been acquired, even though these activities may have occurred prior the Corporation's acquisition of such businesses. The Corporation's insurance may not cover all of its potential losses, or the Corporation may be subject to various retentions or deductibles under its insurance. A judgment may be rendered against the Corporation, in which the Corporation could be uninsured, or which exceed the amounts currently reserved or anticipate incurring for such matters.

SUPPLY CHAIN

The Corporation relies on various key suppliers and their risks and costs are ultimately borne by the Corporation. McCoy Global may further outsource key components, raw materials and component parts from a variety of suppliers in Canada, the U.S. and overseas. McCoy Global may also place advance orders for components or parts that have long lead times. The Corporation may experience cost increases, inferior quality, delays in delivery due to strong activity or financial hardship of suppliers or contractors, or other unforeseen circumstances relating to third parties. If the Corporation's current or alternate suppliers are unable to deliver the necessary components, materials, parts and services required at acceptable quality standards, it may delay delivery of products to McCoy Global's customers and have a material adverse effect on the Corporation's revenue, cash flow and earnings.

RELIANCE ON KEY PERSONS AND WORKFORCE AVAILABILITY

The Corporation's future and growth is dependent on retaining qualified employees at all levels of the organization. There is no assurance that the Corporation will be able to retain key personnel. Losing these individuals could have a material adverse effect on McCoy Global's operations and financial condition.

Additionally, McCoy's future growth may be dependent upon its ability to attract additional qualified employees. The inability to recruit skilled personnel could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Legal compliance

The Corporation does business in, and sells goods into, many countries and its operations are subject to many different laws, customs and cultures. Business is conducted by both McCoy Global personnel and third-party representatives. The Corporation is required to comply with applicable anti-corruption laws, including the Canadian Corruption of Foreign Public Officials Act, the U.S. Foreign Corrupt Practices Act and the United Kingdom Bribery Act 2010, as well as local laws in all countries in which the corporation does business. Furthermore, certain products and services are subject to the export control laws of the United States, Canada, the United Kingdom, Singapore, the United Arab Emirates and other countries where its products are sold. Failure to comply with the laws and regulations governing exports may result in monetary fines for individuals as well as McCoy Global, loss of McCoy Global's export privileges, imprisonment, and other sanctions. The Corporation has established policies and procedures that McCoy Global personnel must follow to ensure compliance with those laws and regulations.

Litigation

In the normal course of the Corporation's business, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, contractual disputes, patent infringement, property damage, and the environment. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation and as a result, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Breach of confidentiality

In the normal course of the Corporation's business the Corporation may discuss potential business relationships, transactions with third parties, financing solutions or other activities and at which time the Corporation may disclose confidential information relating to the business, operations or affairs of the Corporation. The Corporation takes commercially reasonable measures to ensure confidentiality agreements are signed by third parties prior to the disclosure of any confidential information or to otherwise ensure the confidentiality of such information is maintained; however; a breach or failure of these measures could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Safety performance

Standards for accident prevention in the oil and natural gas industry are governed by service company safety policies and procedures, accepted industry safety practices, customer-specific safety requirements, and health and safety legislation. Safety is a key factor that customers consider when selecting an oilfield product and service company. A decline in McCoy Global's safety performance could result in lower demand for its products and services, and this could have a material adverse effect on the Corporation's revenue, cash flow and earnings.

The Corporation is subject to various health and safety laws, rules, legislation and guidelines which can impose material liability, increase its costs or lead to lower demand for its products and services.

Foreign exchange

McCoy Global's United States and international operations have revenues, expenses, assets and liabilities denominated in currencies other than the Canadian dollar. This means that changes in currency exchange rates can result in changes in profitability from period to period.

Availability of financing

McCoy Global may need to obtain additional debt or equity financing in the future to support ongoing operations, undertake capital expenditures, repay existing or future debt, or pursue acquisitions or other business combination transactions. Volatility or uncertainty in the credit markets may increase costs associated with issuing debt or equity, and there is no assurance that the Corporation will be able to access additional financing when needed, or on acceptable or favourable terms. If the Corporation is unable to obtain financing to support ongoing operations or to fund capital expenditures, acquisitions, debt repayments, or other business combination transactions, it could limit growth and may have a material adverse effect on the Corporation's revenue, cash flow and profitability.

RAISING EQUITY THROUGH THE ISSUANCE OF SHARES

The Corporation may issue additional common shares in the future to fund its needs, as authorized by the Board of Directors. Other than as may be required by the TSX or other regulatory bodies in certain circumstances, the Corporation does not require shareholder approval to issue additional common shares, and shareholders do not have any pre-emptive rights related to share issues. The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation which may be dilutive.

Shareholder Activism

The Corporation may be subject to legal and business challenges in the operation of our company due to actions instituted by activist shareholders or others. These activities may not be aligned with long-term shareholder value creation for all. Responding to such actions could be costly and time-consuming, may not align with our business strategies and could divert the attention of our Board of Directors, Executive team and senior management from the pursuit of our business strategies. Perceived uncertainties as to our future direction as a result of activism may lead to the perception of a change in the direction of the business or other instability and may adversely affect our relationships with vendors, customers, prospective and current employees and others.

Customers' inability to obtain credit/financing

Many of McCoy Global's customers require reasonable access to credit facilities and debt capital markets to finance their oil and gas drilling activity. If the availability of credit to McCoy Global's customers is reduced, they may reduce their drilling expenditures, thereby decreasing demand for McCoy Global's products and services. Any such reduction in spending by the Corporation's customers could adversely affect the Corporation's operating results and financial condition.

Material differences between actual results and management estimates and assumptions

In preparing consolidated financial statements in conformity with IFRS, estimates and assumptions are used by management in determining the reported amounts of assets and liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of such financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available, or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and the Corporation must exercise significant judgment. Estimates may be used in management's assessment of items such as allowance for doubtful accounts, business combinations, depreciation, impairment of assets, functional currency, fair values, income taxes, share-based compensation and asset retirement obligations. Actual results for all estimates could differ materially from the estimates and assumptions used by the Corporation, which could have a material adverse effect on McCoy Global's business, financial condition, results of operations, cash flows and future prospects.

IMPACT OF THE UNITED STATES-MEXICO-CANADA AGREEMENT

McCoy Global's customers and vendors may be located across North America and therefore may be subject to or impacted by the United States-Mexico-Canada Agreement. Provisions within this agreement may have a material adverse effect on the business, financial condition, results of operations and prospects of the Corporation.

GREENHOUSE GAS REGULATIONS

The oil and natural gas industry's exploration and production facilities and other operations and activities emit GHGs and both oil and gas exploration and production ("E&P") companies and oilfield services providers may be required to comply with GHG emissions legislation in Canada, the U.S. and in other jurisdictions in which they operate. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As a signatory to the United Nations Framework Convention on Climate Change ("UNFCCC") and as a participant to the Copenhagen Agreement (a non-binding agreement created by the UNFCCC), the Government of Canada announced on January 29, 2010 that it will seek a 17% reduction in GHG emissions from 2005 levels by 2020. These GHG emission reduction targets are not binding. In May 2015, Canada submitted its Intended Nationally Determined Contribution ("INDC") to the UNFCCC, ahead of the 2015 United National Climate Change Conference ("COP 21"), held in Paris. As a result, the Government of Canada will replace the 17% reduction target established in the Copenhagen Agreement with INDC of 30% reduction below 2005 levels by 2030. INDCs were communicated prior to the COP 21 and constitute the actions and targets that individual countries will undertake to help keep global temperatures from rising more than 2° Celsius and to pursue efforts to limit below 1.5° Celsius. The UNFCCC adopted the Paris Agreement on December 12, 2015.

In addition, on December 9, 2016, the Government of Canada formally announced the Pan-Canadian Framework on Clean Growth and Climate Change. As a result, the federal government will implement a Canada wide carbon pricing scheme beginning in 2018. This may be implemented through either a cap and trade system or a carbon tax regime at the option of each province or territory. The federal government will impose a price on carbon of $10 per tonne on any province or territory which fails to implement its own system by 2018. This amount will increase by $10 annually until it reaches $50 per tonne in 2022 at which time the program will be reviewed.

In recent years, the United States Congress has considered legislation to reduce emissions of GHGs, including methane, a primary component of natural gas, and carbon dioxide, a by-product of the burning of natural gas. It presently appears unlikely that comprehensive climate legislation will be passed by either house of Congress or signed by the President in the near future, although energy legislation and other regulatory initiatives are expected to be proposed that may be relevant to GHG emissions issues. In addition, a number of states are addressing GHG emissions, primarily through the development of emission inventories or regional GHG cap and trade programs.

Independent of Congress, the U.S. Environmental Protection Agency (the "EPA") has adopted regulations controlling GHG emissions under its existing authority under the United States Clean Air Act (the "CAA"). For example, following its findings that emissions of GHGs present an endangerment to human health and the environment because such emissions contributed to warming of the earth's atmosphere and other climatic changes, the EPA has adopted regulations under existing provisions of the CAA that, among other things establish construction and operating permit reviews for GHG emissions from certain large stationary sources that are already potential major sources for conventional pollutants. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified production, processing, transmission and storage facilities in the United States on an annual basis.

Furthermore, in December 2015, at COP 21, like Canada the U.S. became a signatory to the Paris Agreement which has set broad goals to, among other things, limit global climate change to not more than 2° Celsius (or less), preparing, maintaining and publishing national greenhouse gas reduction targets and creating a "carbon-neutral" world by 2050. The agreement came into force on November 4, 2016, however U.S. President Donald Trump announced on June 1, 2017 that the U.S. would cease all participation in the Paris Agreement. Although it is not possible at this time to predict how new laws or regulations in the U.S. and Canada, or any legal requirements imposed following Canada agreeing to the Paris Agreement that may be adopted or issued to address GHG emissions would impact McCoy Global's business, any such future laws, regulations or legal requirements imposing reporting or permitting obligations on, or limiting emissions of GHGs from, the Corporation's equipment and operations could require it to incur costs to reduce emissions of GHGs associated with its operations as well as delays or restrictions in its ability to permit GHG emissions from new or modified sources. Such changes could also decrease the activity of the Corporation's clients.

The direct or indirect costs of compliance with these regulations may have a material adverse effect on the business, financial condition, results of operations and prospects of the Corporation. Any such regulations could also increase the cost of consumption, and thereby reduce demand for the oil, natural gas liquids and natural gas the Corporation's clients produce. Given the evolving nature of the debate related to climate change and the control of GHGs and resulting requirements, it is not possible to predict with certainty the impact on the Corporation and its operations and financial condition.

There has been public discussion that climate change may be associated with extreme weather conditions such as more intense hurricanes, thunderstorms, tornados and snow or ice storms, as well as rising sea levels. Another possible consequence of climate change is increased volatility in seasonal temperatures. Some studies indicate that climate change could cause some areas to experience temperatures substantially colder than their historical averages. Extreme weather conditions can interfere with the Corporation's operations and the operations of its clients and increase the Corporation's costs, and damage resulting from extreme weather may not be insured. However, at this time, the Corporation is unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting its operations.

Additionally, the environmental regulations in the other jurisdictions in which McCoy Global operates may have a material adverse effect on the business, financial condition, results of operations and prospects of the Corporation.

CHANGES IN U.S. ADMINISTRATION

Changes in U.S. administrations may impact operations of McCoy Global as production operations are predominately located within the United States of America. The Corporation can not predict the impact of administration changes and could have a material adverse effect on its business, financial condition, results of operations and cash flows.

CONSERVATION MEASURES AND TECHNOLOGICAL ADVANCES

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other hydrocarbons. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes could have a material adverse effect on its business, financial condition, results of operations and cash flows.

TERRORIST ATTACK OR ARMED CONFLICT

Terrorist activities (including environmental terrorism), anti-terrorist efforts and other armed conflicts involving the jurisdictions in which McCoy Global operates may adversely affect global economies and could prevent the Corporation from meeting its financial and other obligations. If any of these events occur, the resulting political instability and societal disruption could reduce overall demand for oil, natural gas and natural gas liquids, potentially putting downward pressure on demand for the Corporation's services and causing a reduction in the Corporation's revenues. Oil and natural gas related facilities could be direct targets of terrorist attacks, and the Corporation's operations could be adversely impacted if infrastructure integral to the Corporation's clients' operations is destroyed or damaged. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all.

Sufficiency of Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation has undertaken and will undertake a number of procedures in order to help ensure the reliability of its financial reports, including those that may be imposed on it under applicable securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. Additionally, implementing and monitoring effective internal controls can be costly. If the Corporation or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and harm the trading price of the Common Shares.

Information Security

The efficient operation of McCoy Global's business is dependent on computer hardware and software systems. In the ordinary course of McCoy's business, McCoy collects and stores sensitive data, including intellectual property, proprietary business information and identifiable personal information of its employees and customers. The Corporation's information technology and infrastructure may be vulnerable to attacks by hackers and cyberterrorists motivated by, among others, geopolitical, financial or activist reasons, or breached due to employee error, malfeasance or other disruptions. Any such disclosed, lost, stolen or compromised. Any such attack, breach, access, disclosure or loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruptions to McCoy's operations, decreased performance, increased costs and damage to McCoy's reputation, which could have a material adverse effect on its business, financial condition, results of operations and cash flow.

If any programs or systems were to fail or create erroneous information in the Corporation's hardware or software network infrastructure, possible consequences include a loss of communication links and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence could have a material adverse effect on the Corporation's business.

Challenges by Taxation Authorities

Taxation authorities may not agree with the classification of expenses the Corporation or its subsidiaries have claimed or may challenge the amount of interest expense deducted. If the taxation authorities successfully challenge these classifications or deductions, it could have an adverse effect on the Corporation's return to shareholders.

OTHER INFORMATION

Additional information relating to the Corporation, including the Corporation's Annual Information Form for the year end December 31, 2019 is available on SEDAR at www.sedar.com.