MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated November 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"). 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;
- global economic recession;
- major operations disruption due to severe weather events;
- 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 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 a 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 earnings (loss), before:

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

Earlier this year, we committed to several key objectives in order to successfully navigate through the unprecedented market conditions resulting from the COVID-19 pandemic. We are pleased to report our progress:

- We committed to generating cashflow from operations through fiscal discipline and continued working capital efficiency, despite challenged market conditions. During the third quarter of 2020, we delivered on this objective reporting positive Adjusted EBITDA of $0.3 million. We achieved this through exceeding our cost reduction targets at $8.5 million of annualized savings in comparison to September 2019 and successfully securing revenue opportunities in a capital constrained environment. In addition, McCoy reported $0.7 million of cashflow from operations, which was primarily driven by targeted working capital reduction efforts.

- We secured $10.1 million of orders during the third quarter of 2020 (Q3 2019 - $9.4 million). Order intake for the quarter was led by several large international orders from recent market entrants.

- We committed to refinancing certain existing credit facilities to extend maturity and reduce borrowing costs. Subsequent to September 30, 2020, we secured a new US$2.5 million revolving demand facility with a Canadian chartered bank to support working capital. The facility is subject to customary disbursement conditions including the satisfactory placement of a general security agreement over the Corporation's assets and final review by Export Development Canada under its Export Guarantee Program. The Corporation also successfully refinanced its existing US$2.4 million promissory note with a US$3.4 million term facility to extend maturity and support McCoy Global's 2020 technology development program.

- To support a prosperous future regardless of market conditions, we committed to prudent investment in our "Digital Technology Roadmap" product development initiative which is further detailed in our November 2020 Investor Presentation available at https://www.mccoyglobal.com/investors/. During the quarter, we achieved key development milestones on McCoy's integrated tubular running system. With additional financing secured to support this initiative, we have reinstated US$1.0 million of external capital spend to support the procurement of prototype materials for McCoy's Smart Casing Running Tool (CRT) and McCoy's Smart Flush Mount Spider in Q4 2020. Field trials for these two technologies are scheduled to begin early 2021. We continue to experience strong customer interest in our "Virtual Thread Rep™" technology that currently allows customers to remotely monitor, and under our current development initiative, will soon allow our customers to remotely control premium connection make-up. The digital, cloud-based platform that enables Virtual Thread Rep™ will be the foundation of our continued development as we integrate, digitize and automate the historically manual processes of tubular make up through our integrated tubular running system. This integrated system will enhance safety, efficiency and wellbore integrity for our customers while significantly reducing cost.

- Finally, we pledged to ensure the health and safety of our employees, their families and all our partners throughout this COVID-19 pandemic. We are happy to report that the early efforts and discipline by our team continue. To date, we have not experienced any material disruptions to our production facilities or supply chain as a result of the virus. Of the very few of our employees that have tested positive for the virus, all have since fully recovered and we have not experienced any instances of transmission among employees.

We want to thank every member of our extraordinary team for their continued determination to not only persevere under these very difficult circumstances, but to also succeed. We also wish to thank each of our customers for recognizing McCoy's efforts to support them in such challenging times. Our ability to look after our customers has required creative solutions and McCoy's skilled technical team has found new ways to do things remotely, such as creating "virtual training" simulations for specific technologies where specialists previously travelled to customers' locations.

Looking ahead, the COVID-19 crisis remains at the forefront of the oil and gas industry. The pandemic has resulted in significant global oil supply imbalances and near-term crude oil price volatility. While global lockdowns evolve and vaccine developments progress, any near-term recovery remains fragile as potential subsequent waves of COVID-19 could pose a significant risk to the 2021 outlook.

Regionally, the decline in active drilling rigs in the North American land market appears to have flattened. Our expectations are for little improvement in this region throughout the remainder of 2020 and well into 2021. Internationally, we expect drilling activity to continue to remain flat for the remainder of 2020, with modest improvement as 2021 progresses. The pace and magnitude of recovery is expected to vary greatly by region. We expect the Middle East and the Former Soviet Union markets to be the first to react and to rebound when market conditions improve. McCoy has been able to leverage its engineering capabilities, technology offerings and strong market position for revenue sustainability particularly in international and offshore regions, and we are encouraged that the $10.1 million of order intake reported during the third quarter of 2020 is an indication that capital equipment demand in these regions will begin to return to modest levels. McCoy closed out the third quarter with a backlog of $10.6 million. Though this level of backlog will provide some visibility for the remainder of 2020 and early 2021, the timing of certain customer-scheduled deliveries coupled with uncertainty around Q4 2020 order intake is expected to result in several challenging quarters ahead, from both a revenue and earnings standpoint.

In summary, we will continue to focus on our key strategic initiatives to navigate to success despite the challenges ahead:

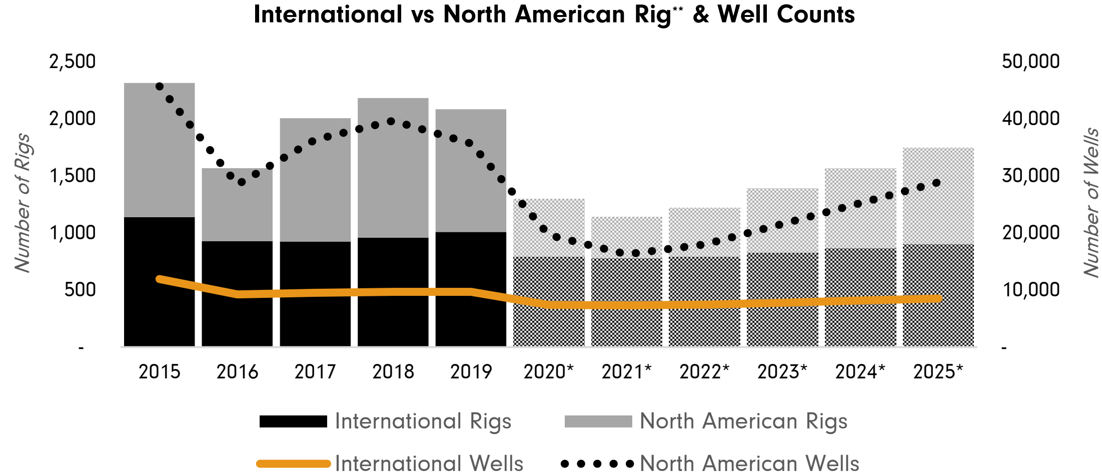
- Ensuring the health and safety of our employees, their families and all our partners throughout this COVID19 pandemic,
- Capturing all available revenue opportunities in order to maximize our revenues,
- Generating cashflow from operations through fiscal discipline and continued working capital efficiency, despite challenged market conditions ahead,
- Growing market penetration of new and recently developed "smart" products in our portfolio, and
- Prudently investing in our technology development initiatives and key rental opportunities.

We believe this strategy, together with our committed and agile team, intimate customer knowledge and global footprint will further advance the McCoy's competitive position, regardless of the market environment.

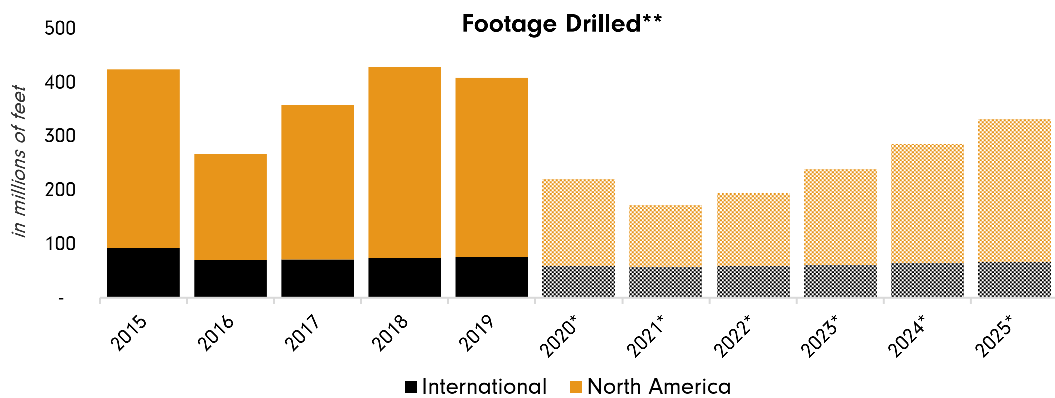
MARKET CONDITIONS

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, September 2020, is as follows:



A summary of historical and forecasted footage drilled, which includes both land and offshore, obtained from Spears & Associates Drilling and Production Outlook, September 2020, is as follows:



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*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.

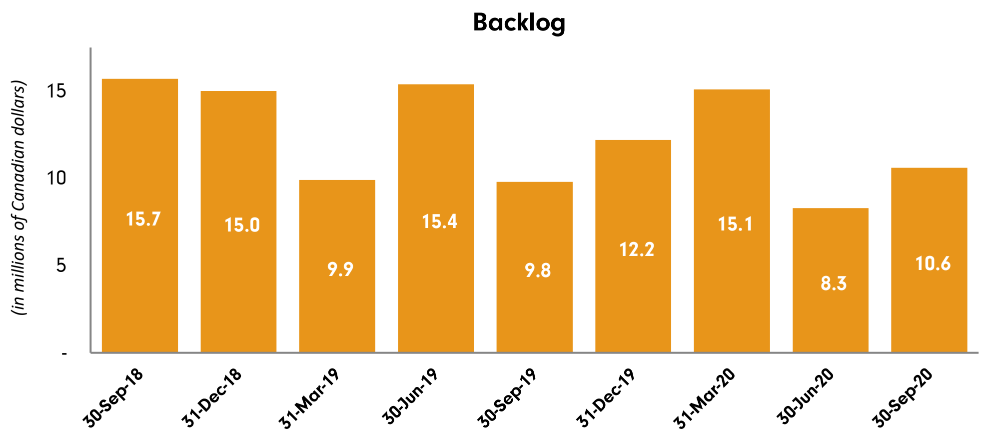
The COVID-19 pandemic has resulted in a historic drop in global demand for oil, driving the collapse of oil and gas prices and significant declines in drilling activity. In response, E&P capital spending was cut materially, particularly in the North American land market, and we expect our customers will follow with reduced capital equipment spending for the remainder of 2020 and well into 2021.

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.

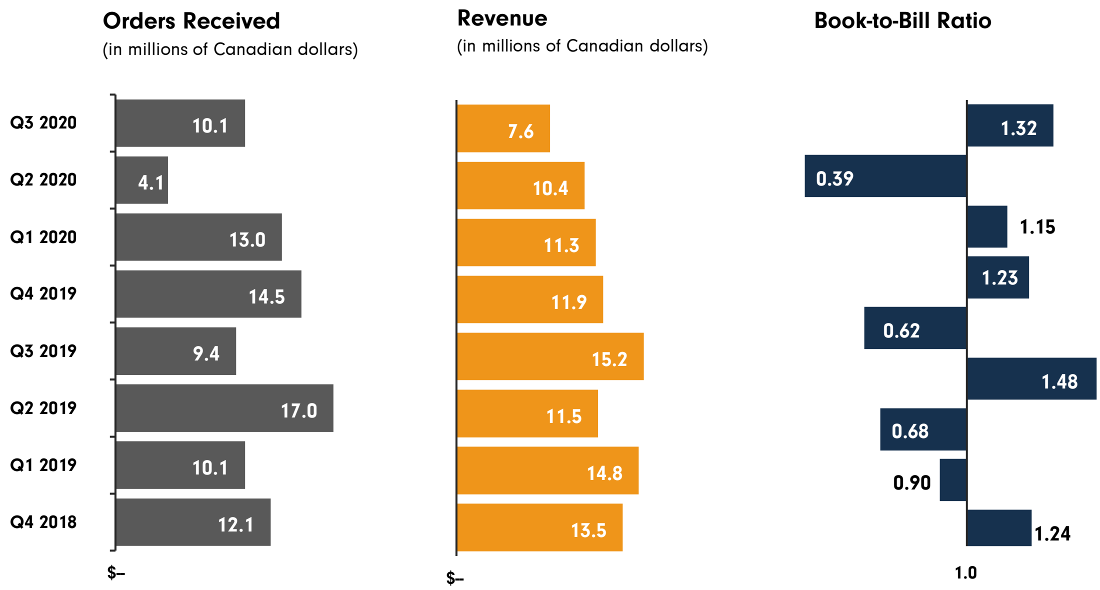
McCoy Global's backlog as at September 30, 2020 totaled $10.6 million (US$7.9 million), an increase of $2.3 million or 28% from backlog of $8.3 million (US$6.1 million) as at June 30, 2020. Compared to September 30, 2019 backlog increased $0.8 million, or 8%, from $9.8 million (US$7.4 million).



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.

STRATEGY AND CORE BUSINESS VISION

McCoy Global's vision is to be the trusted partner for data-driven Smart Solutions that deliver enhanced safety, wellbore integrity and operational efficiency to tubular running operations across the globe.

McCoy Global Inc. is incorporated and domiciled in Canada and is a leading provider of equipment and 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 capital 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	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 FINANCIAL RESULTS

For the three months ended September 30 ($000 except per share amounts)	2020	2019
Revenue	**7,621**	15,222
Net (loss) earnings	**(720)**	1,238
Per common share – basic	**(0.03)**	0.04
Per common share – diluted	**(0.03)**	0.04
Adjusted EBITDA	**365**	2,213
Per common share – basic	**0.01**	0.08
Per common share – diluted	**0.01**	0.08

As at and for the nine months ended September 30 ($000 except per share amounts)	2020	2019
Revenue	**29,305**	41,517
Net (loss) earnings	**(25)**	172
Per common share – basic	**-**	0.01
Per common share – diluted	**-**	0.01
Adjusted EBITDA	**3,478**	2,864
Per common share – basic	**0.13**	0.11
Per common share – diluted	**0.13**	0.11
Total assets	**58,380**	61,139
Total liabilities	**19,554**	21,894
Total non-current liabilities	**10,702**	7,999

EBITDA and Adjusted EBITDA are calculated as follows:

($000)	Three months ended September 30 2020	2019	Nine months ended September 30 2020	2019
Net earnings (loss)	**(719)**	1,238	**(25)**	172
Depreciation of property, plant and equipment	**578**	688	**1,972**	2,006
Amortization of intangible assets	**211**	1	**638**	5
Finance charges, net	**243**	217	**691**	422
EBITDA	**312**	2,144	**3,276**	2,605
Restructuring charges	**-**	-	**136**	-
Share-based compensation	**29**	25	**91**	154
Provisions for (reversals of) excess and obsolete inventory	**321**	(155)	**1,036**	(795)
Other (gains) losses, net	**(297)**	199	**(925)**	900
Adjusted EBITDA	**365**	2,213	**3,614**	2,864

REVENUE

($000 except percentages)	Three months ended September 30 2020	2019	Change	% Change	Nine months ended September 30 2020	2019	Change	% Change
Revenue	**7,621**	15,222	(7,601)	(50%)	**29,305**	41,517	(12,212)	(29%)

Revenue for the three and nine months ended September 30, 2020 was impacted by the sharp decline in order intake experienced in the second quarter of 2020 as a result of the COVID-19 pandemic, impacting both capital equipment and aftermarket revenues, particularly in the US land market.

In the comparative period, revenue was impacted by the modest strengthening of industry fundamentals, primarily driven by international and offshore growth.

GROSS PROFIT

($000 except percentages)	Three months ended September 30				Nine months ended September 30			
	2020	2019	Change	% Change	**2020**	2019	Change	% Change
Gross profit	**1,055**	4,964	(3,909)	(79%)	**6,983**	12,385	(5,402)	(44%)
Gross profit % of revenue	***14%***	*33%*	*(19%)*		***24%***	*30%*	*(6%)*	

For the three and nine months ended September 30, 2020, gross profit declined from the comparative period as a result of a significant decline in revenue and production through-put, offset by offset by the impact of committed cost reductions initiatives that occurred in both April of 2020 and the fourth quarter of 2019.

Gross profit for the three months ended September 30, 2020 includes a $0.3 million provision for excess and obsolete inventory (2019 – recovery of $0.2 million). Gross profit for the nine months ended September 30, 2020 includes a $1.0 million provision for excess and obsolete inventory (2019 – recovery of $0.8 million).

GENERAL AND ADMINISTRATION EXPENSE (G&A)

($000 except percentages)	Three months ended September 30				Nine months ended September 30			
	2020	2019	Change	% Change	**2020**	2019	Change	% Change
G&A	**1,122**	1,982	(860)	(43%)	4,294	6,749	(2,455)	(36%)
G&A as a % of revenue	***15%***	*13%*	*2%*		*15%*	*16%*	*(2%)*	

For the three and nine months ended September 30, 2020, G&A declined by more than 35% from the comparative period. The decline in spend relates to cost reduction initiatives enacted in April 2020 as well as headcount reductions that took place throughout 2019. The Corporation continues to focus on driving incremental efficiencies into this area of the business.

For the three months ended September 30, 2020, G&A includes a $0.2 million reversal for previously impaired trade accounts (2019 – impairment of $0.1 million). For the nine months ended September 30, 2020, G&A includes a $0.5 million reversal for previously impaired trade accounts (2019 – impairment of $0.4 million).

SALES AND MARKETING EXPENSE (SALES & MARKETING)

($000 except percentages)	Three months ended September 30				Nine months ended September 30			
	2020	2019	Change	% Change	**2020**	2019	Change	% Change
Sales & Marketing	**325**	544	(219)	(40%)	**1,108**	1,752	(644)	(37)
Sales & Marketing as a % of revenue	***4%***	*4%*	*1%*		***4%***	*4%*	*-%*	

For the three and nine months ended September 30, 2020, Sales & Marketing decreased from the comparative periods as a result of cost reduction initiatives enacted in April 2020 in addition to previously announced restructuring initiatives.

RESEARCH AND DEVELOPMENT (R&D)

($000 except percentages)	Three months ended September 30				Nine months ended September 30			
	2020	2019	Change	% Change	**2020**	2019	Change	% Change
R&D expense	**382**	784	(403)	(51%)	**1,704**	2,390	(686)	(29%)
Capitalized development expenditures	**296**	559	(263)	(47%)	**801**	1,889	(1,088)	(58%)
R&D expenditures	**678**	1,343	(665)	(50%)	**2,505**	4,279	(1,774)	(41%)
R&D expenditures as a % of revenue	***9%***	*9%*	*-%*		***9%***	*10%*	*(2%)*	

During the three months and nine months ended September 30, 2020, McCoy further advanced its 'Digital Technology Roadmap' initiative through the development of a digitally integrated tubular running system built on in-depth engineering expertise and customer-focus. In light of the current economic environment, the Corporation reduced the annual US$2.7 million capital budget that was previous approved for this initiative by 60%, primarily related to external expenditures. The Corporation's recently secured term facility will provide an additional US$1.0 million of funding to support external spending on product prototypes and as such the Corporation has reinstated capital spend for 2020.

During the nine months ended September 30, 2019, McCoy invested in the development of a cloud-based platform and digital infrastructure to enable future digital product offerings and enhancements.

OTHER ITEMS

($000 except percentages)	Three months ended September 30 2020	2019	Change	% Change	Nine months ended September 30 2020	2019	Change	% Change
Finance charges, net	**243**	217	26	12%	**691**	422	269	64%
Other (gains) losses, net	**(297)**	199	(496)	(249%)	**(925)**	900	(1,825)	(203%)
Restructuring charges	**-**	-	-	-	**136**	-	136	100%

Finance charges, net, includes borrowing costs offset by interest income on cash and cash equivalents.

Other (gains) losses, net is comprised primarily of foreign exchange fluctuations and gains or losses on the disposal of property, plant and equipment. For the nine months ended September 30, 2020, other gains include $0.3 million of government assistance payments in connection with the Canadian Emergency Wage Subsidy and $0.3 million of proceeds that were in previously in dispute under a 2014 business divesture. For the nine months ended September 30, 2019, other losses include $0.6 million of additional provisions recorded for certain site remediation costs associated with a separate previous business divestiture.

Restructuring charges recognized during the nine months ended September 30, 2020 relate to restructuring initiatives announced in April of 2020.

SUMMARY OF QUARTERLY RESULTS

($000 except per share amounts)	2020 Sep 30	2020 Jun 30	2020 Mar 31	2019 Dec 31	2019 Sep 30	2019 Jun 30	2019 Mar 31	2018 Dec 31
Revenue	**7,621**	10,361	11,323	11,875	15,222	11,455	14,840	13,543
Impairment and restructuring charges	**-**	136	-	-	-	-	-	65
Net earnings (loss)	**(720)**	782	(87)	61	1,238	(1,590)	524	931
Basic and diluted earnings (loss) per share	**(0.03)**	0.03	-	-	0.04	(0.06)	0.02	0.03
EBITDA	**312**	1,886	1,078	1,176	2,144	(828)	1,289	1,513
Adjusted EBITDA	**365**	1,327	1,919	1,487	2,213	(61)	713	776

LIQUIDITY AND CAPITAL RESOURCES

As at ($000)	**September 30, 2020**	December 31, 2019
Cash and cash equivalents	**8,765**	8,382
Restricted cash, as per credit facility	**900**	500
Borrowings	**(9,075)**	(8,190)
Net cash	**590**	692

Subsequent to September 30, 2020, McCoy secured a new US$2.5 million revolving demand facility with a Canadian chartered bank to support working capital. The facility is subject to customary disbursement conditions including the satisfactory placement of a general security agreement over the Corporation's assets and final review by Export Development Canada under its Export Guarantee Program. The facility bears interest at Prime Rate plus 1.35% per annum and will be secured by a general security agreement and assignment of US$0.6 million of term deposits.

In October of 2020, the Corporation also successfully refinanced its existing US$2.4 million promissory note with a US$3.4 million term facility to extend maturity and support McCoy Global's 2020 technology development program. The term facility bears interest at US Prime Rate plus 4.95% per annum and is repayable in eight equal quarterly instalments beginning on December 6, 2022. The facility is subject to customary conditions and is secured by certain assets of the Corporation and its subsidiaries, including certain real estate in Cedar Park, Texas. Under the terms of the agreement, the Corporation is subject to a financial covenant minimum fixed charge coverage ratio of 1:1 for the year ending December 31, 2021; and 1.25:1 for years ending thereafter; where the fixed charge coverage ratio is calculated as earnings before interest, taxes, depreciation and amortization less capital expenditures over the sum of interest expense, principal payment of indebtedness and lease payments made during the period. At closing, US$2.4 million was drawn against the new facility to repay in full the Corporation's USD$2.4 million promissory note that was secured by certain of its US real estate assets. The promissory note was repayable on or before October 1, 2021 without penalty and bore interest at the greater of US Prime Rate plus 7.00% or 12.25% per annum. With this additional financial support, McCoy has reinstated US$1.0 million of external capital spend for product prototypes related to the development of its Integrated Casing Running System under McCoy's Digital Technology Roadmap. This stage of product development was previously suspended earlier in the year as a result of cash preservation efforts in light of the current market environment.

In April of 2020, the Corporation received approval and funding under its application for a US Paycheck Protection Program Loan (PPP) of $2.7 million (US$1.9 million). The loan bears interest at 0.98% and matures on April 16, 2022. The proceeds were used to support payroll expenditures for the Corporation's US employees. A portion of the loan proceeds are forgivable in accordance with certain US Treasury guidelines. The Corporation estimates that, based on US Treasury Guidelines, US$1.7 million of the loan proceeds may be forgiven if the Corporation's application for forgiveness is approved. Management continues to evaluate and apply for any for additional US and Canadian government relief programs for which the Corporation qualifies.

McCoy remains committed to managing the business for success in the current market environment through diligently maintaining the cost reduction actions enacted in April of 2020. Though market uncertainty continues to be a challenge in developing forecasts for the Corporation, generating operating cashflows and increasing working capital efficiency regardless of market conditions is a key priority for the Corporation.

Anticipated capital spending for the remainder of 2020 includes:

- US$1.2 million of investment in the Corporation's Digital Technology Roadmap;
- strategic investment in rental equipment where meaningful returns are expected; and
- nominal investments in production facility equipment.

:

Selected cash flow information is as follows:

($000)	Three months ended September 30 2020	2019	Nine months ended September 30 2020	2019
Cash generated from (used in) operating activities	**674**	250	**2,278**	2,696
Cash used in investing activities	**(468)**	(559)	**(1,791)**	(2,960)
Cash generated from (used in) financing activities	**(1,016)**	2,520	**(249)**	1,411
Debt to equity ratio	**0.50**	0.56 to 1	**0.50**	0.56 to 1

Cash generated from operating activities for the three and nine months ended September 30, 2020 was a result of strong EBITDA and focused efforts on working capital efficiency, offset by finance costs paid. For the three months ended September 30, 2019 increases in trade receivable balances due to the timing of customer shipments unfavourably impacted cash generated from operating activities.

During both the current and comparative periods, cash used in investing activities related to product development under McCoy's 'Digital Technology Roadmap' and strategic equipment additions to the Corporation's rental fleet, offset by proceeds from sale of certain equipment.

Cash used in financing activities for the nine months ended September 30, 2020, relates to scheduled debt repayments under existing credit facilities and principle elements of lease payments, offset by proceeds received under the Corporation's application for a US Paycheck Protection Program Loan (PPP). During the three months ended September 30, 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 for the three and nine months ended September 30, 2019 related to repayments of the Corporation's term loan, the principal portions of lease payments and the repurchase of shares.

OUTSTANDING SHARE DATA

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

Common shares	27,802,489
Convertible equity securities:	
Stock options	1,670,000
Restricted share plan units	410,000

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

Exercise price range	Options outstanding	Weighted average remaining contractual life
	#	years
Less than $1	735,000	9.11
$1 to $2	530,000	6.14
$2 to $3	205,000	6.18
$3 to $4	200,000	4.34
	1,670,000	7.24

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 six-month period ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our ICFR. No such changes have been identified. Please see page 24 of McCoy Global's 2019 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 ending December 31, 2019 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 2019 Annual Report. Please refer to the page numbers listed below from McCoy Global's 2019 Annual Report:

- Financial risk management and financial instruments – pages 66-68;
- Capital management – page 68;
- Contractual obligations – page 21;
- Related party transactions – page 69;
- Critical accounting estimates and judgements – pages 22-23; and
- Risks and uncertainties – pages 24-33.