



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016



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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated August 4, 2016, should be read in conjunction with the cautionary statement regarding forward-looking information and statements below, as well as the audited consolidated financial statements and notes thereto, for the years ended December 31, 2015 and 2014. The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in the following MD&A are in Canadian dollars unless otherwise stated. References to "McCoy," "McCoy Global," "the Corporation," "we," "us" or "our" mean McCoy Global Inc. and its subsidiaries, unless the context otherwise requires. Additional information relating to McCoy Global, including periodic quarterly and annual reports and Annual Information Forms ("AIF"), filed with Canadian securities regulatory authorities, is available on SEDAR at sedar.com and our website at mccoyglobal.com.

FORWARD-LOOKING INFORMATION AND STATEMENTS

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

Forward-looking statements relating to McCoy Global's:

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

Forward-looking statements respecting:

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

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

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

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

Readers are cautioned that the foregoing list is not exhaustive.

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

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

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

DESCRIPTION OF GAAP MEASURES AND NON-GAAP MEASURES

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

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

Adjusted EBITDA is a non-GAAP measure defined as “net (loss) earnings before finance charges, net, income tax expense (recovery), depreciation, amortization, impairment losses, restructuring charges, non-cash changes in fair value related to derivative financial instruments and share-based compensation”.

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

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

OUTLOOK AND FORWARD-LOOKING INFORMATION

Market conditions remained challenging in the second quarter of 2016 for oilfield equipment providers and service companies. The tubular makeup segment of the market continued to be under significant pricing pressure given persistently low levels of drilling activity. This, combined with efforts by oilfield service companies and drilling contractors to curtail spending, has placed downward pressure on both capital equipment and aftermarket revenues, as well as margins of McCoy Global.

Pockets of positive activity in global markets remain, with the most prominent region being the Middle East. However, margin pressure has intensified in this region as companies redirect resources to take advantage of this market activity.

In response to this prolonged down-cycle the management team has positioned the Corporation for a significant reorganization. McCoy Global initiated a company-wide restructuring plan, the "Restructuring Plan" or "Plan", during the second quarter. The Plan included:

- i. the consolidation of McCoy Global's hydraulic power tong product line to Edmonton, Canada, resulting in the closure of its hydraulic power tong production facility in Broussard, USA;
- ii. the closure of the Corporation's sales and service facility in Houston, USA;
- iii. the relocation and downsizing of operations in Aberdeen, UK; and
- iv. further significant reductions in both operational and functional workforce.

This restructuring, the third and most significant since early 2015, was initiated towards the end of the second quarter and will be substantially completed by the end of the third quarter. Therefore, the positive financial impact of the Plan will be realized over the second half of 2016 and beyond. The actions taken by management will better right-size the Corporation's cost structure to reflect the current business environment and position McCoy Global to endure an extended down-cycle. However, an increase in revenue will be required to generate positive adjusted EBTIDA going forward.

The Plan will eliminate significant costs from the organization, including senior management and executive employees. Since January 1, 2015, the overall headcount at McCoy Global has declined by 62%, with overhead and production expenses also meaningfully reduced. Important to note, the Corporation remains committed to balancing cost reductions with retaining a core level of infrastructure and resources to service current customer needs, and to be able to quickly ramp up product and service delivery in a recovery.

Although challenging, McCoy Global has focused on implementing more efficient processes in the organization throughout the down-cycle which in the longer term, will result in even better customer responsiveness and improved shareholder returns.

The Corporation remains committed to its vision of being a solutions provider to its customers globally. In order to accomplish this a strong technology and technical sales team is required. The Restructuring Plan has impacted all functional groups, but an emphasis was made to preserve McCoy Global's ability to continue to deliver market leading technologies and remain close to its global customers in a very difficult environment. More than ever, customers are going to require safer, more efficient technologies to be successful and McCoy Global intends to be its customer's technology partners in both the short and long-term.

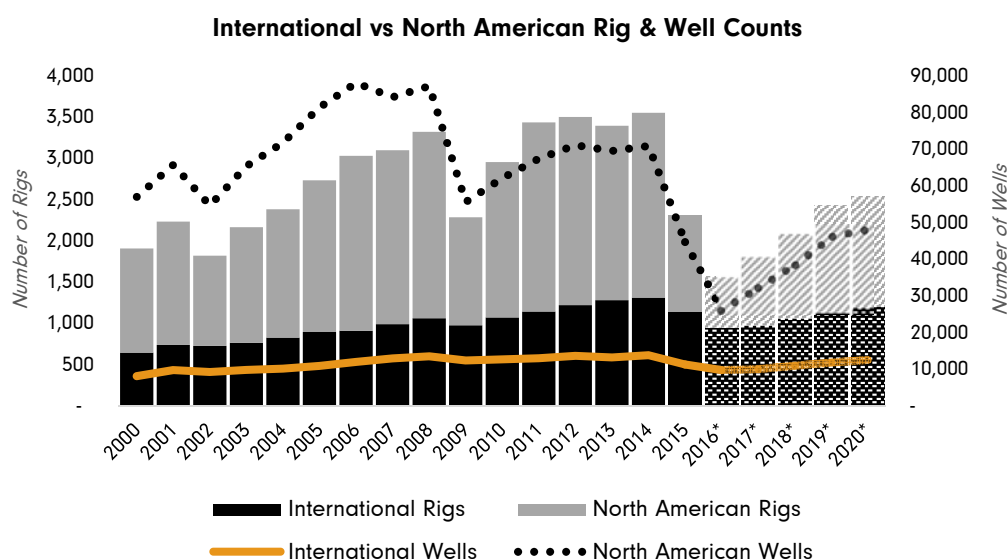
The outlook for the remainder of 2016 remains uncertain. However, increased quoting activity has provided a sign that some optimism is beginning to emerge in the market. McCoy Global has continued to invest in the development of new products and technologies during the down-cycle to take advantage of this, however realizing results on these opportunities and efforts will likely be pushed into 2017. In the interim, the Corporation will remain focused on strict cost control, successfully executing the Plan and continued cash preservation.

Cash preservation efforts have been successful resulting in \$20.6 million in cash as at June 30, 2016 and no debt. This strong liquidity, in combination with significant cost structure reductions, organizational efficiencies and new product development efforts, will allow McCoy Global to take advantage of its global brand and market leading products to position the Corporation for long-term success.

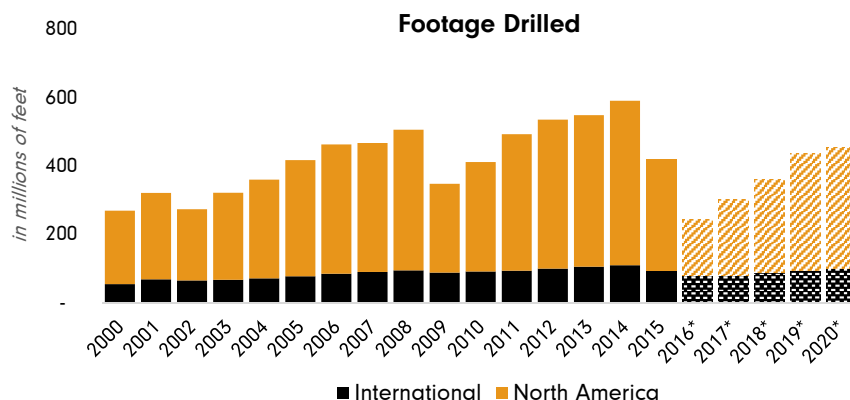
MARKET CONDITIONS

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

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



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



McCoy Global's international revenues provide geographic diversification and some stability to withstand a prolonged down-cycle which is currently being experienced. As is typical in a down-cycle, international revenues generally declined at a slower rate over the course of 2015, however the severity of this down-cycle has now impacted most international markets. Management does not anticipate there will be a meaningful recovery in drilling activity in either the western or eastern hemisphere in 2016.

In this very difficult market environment, orders for high specification tubular make-up equipment have been negatively impacted as capital intensive drilling activities are cancelled or deferred. However, this higher margin equipment used for horizontal, directional and deep-water drilling remains an important source of future global oil and natural gas supply over the longer term. As an eventual recovery occurs, this should result in a long-term trend towards more complex well construction and the increased use of premium connections. Investments made in new product technologies by McCoy Global have increased its capabilities of producing high specification tubular make-up products and position the Corporation to meet the future technological challenges faced by customers. McCoy continues to invest in the development of new technologies to meet the changing requirements for better efficiency and safety.

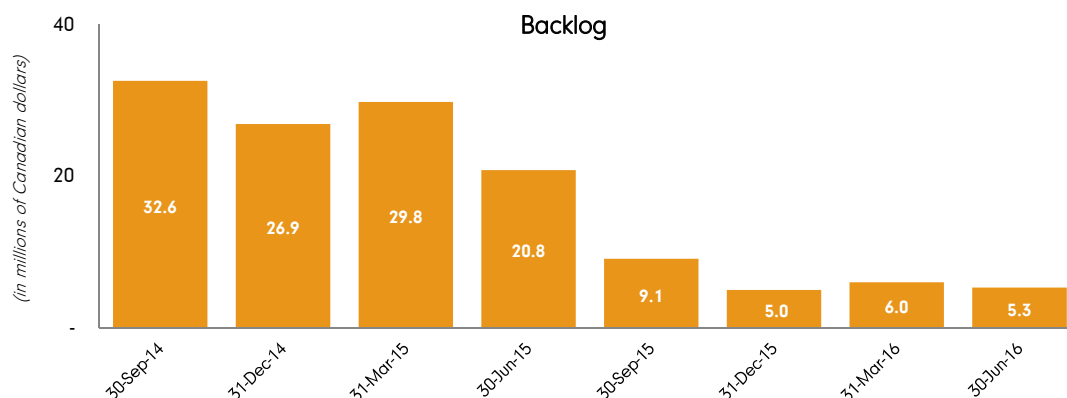
Backlog

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

The Corporation defines backlog as orders that have a high certainty of being delivered and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order. Customers may default on or cancel such commitments, but several are secured by a deposit and/or require reimbursement by the customer upon default or cancellation. Backlog reflects likely future revenues; however, cancellations or reductions may occur and there can be no assurance that backlog amounts will ultimately be realized as revenue, or that the Corporation will earn a profit on backlog once fulfilled. Expected delivery dates for orders recorded in backlog historically spanned from one to six months, however under current market conditions customers have shifted their purchasing habits towards a just-in-time model. McCoy Global's backlog as at June 30, 2016 totaled \$5.3 million, a decrease of \$0.7 million or 12% from March 31, 2016.

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

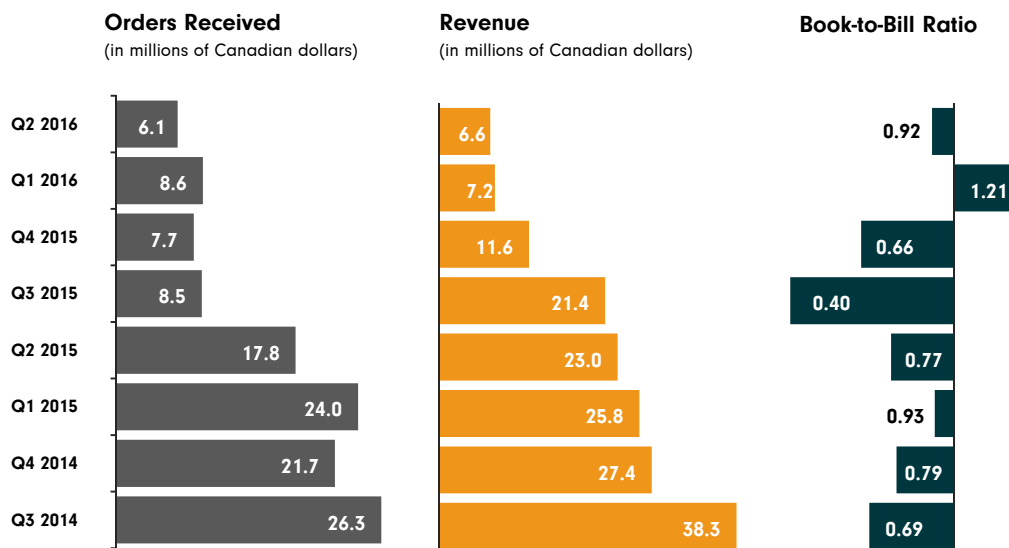
For the quarter, McCoy Global received net sales orders of \$6.1 million (Q1 2016 - \$8.6 million) and recorded revenue of \$6.6 million (Q1 2016 - \$7.2 million). Historically low drilling activity substantially impacted demand for capital equipment and aftermarket sales in the quarter.



Book-to-Bill Ratio

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

The book-to-bill ratio for the Corporation during the three months ended June 30, 2016 was 0.92 (March 31, 2016 – 1.21). Set out below are orders received, revenue and the book-to-bill ratio:



STRATEGY AND CORE BUSINESS VISION

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

McCoy Global is a leading provider of equipment and technologies used for making up threaded connections in the global oil and gas industry. McCoy Global's core products are used predominantly during the well construction phase for both land and offshore wells during both oil and gas exploration.

The Corporation is engaged in the following:

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

Set out below are McCoy Global's principal operations:

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

FINANCIAL RESULTS

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

For the three months ended June 30		
(\$000 except per share amounts)	2016	2015
Revenue	6,583	22,952
Net loss	(19,096)	(451)
Per common share – basic	(0.69)	(0.02)
Per common share – diluted	(0.69)	(0.02)
Adjusted EBITDA	(5,888)	1,538
Per common share – basic	(0.21)	0.06
Per common share – diluted	(0.21)	0.06

As at and for the six months ended June 30		
(\$000 except per share amounts)	2016	2015
Revenue	13,742	48,752
Net (loss) earnings	(28,473)	1,778
Per common share – basic	(1.03)	0.06
Per common share – diluted	(1.03)	0.06
Adjusted EBITDA	(11,512)	7,372
Per common share – basic	(0.42)	0.27
Per common share – diluted	(0.42)	0.27
Dividends per common share	-	0.10
Total assets	79,814	127,090
Total liabilities	14,357	22,239
Total non-current liabilities	3,594	3,779

EBITDA and adjusted EBITDA are calculated as follows:

	Three months ended June 30		Six months ended June 30	
(\$000)	2016	2015	2016	2015
Net (loss) earnings	(19,096)	(451)	(28,473)	1,778
Income tax (recovery) expense	(421)	55	(2,624)	966
Finance charges, net	66	131	84	224
Depreciation	1,042	1,069	2,113	2,138
Amortization	263	883	596	1,653
EBITDA	(18,146)	1,687	(28,304)	6,759
Share-based compensation	14	290	121	360
Net changes in fair value related to derivative financial instruments	-	(665)	-	27
Impairment charges	2,727	-	7,012	-
Restructuring charges	9,517	226	9,659	226
Adjusted EBITDA	(5,888)	1,538	(11,512)	7,372

REVENUE

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2016	2015	Change	% Change	2016	2015	Change	% Change
Revenue	6,583	22,952	(16,369)	(71%)	13,742	48,752	(35,010)	(72%)

For the three and six months ended June 30, 2016, industry fundamentals continued to be challenged, with drilling and completions activity remaining at levels not experienced in decades. As a result, significant pricing pressure and depressed demand for capital equipment persisted. Customer spending remained at unprecedented low levels with customers taking all available measures to conserve cash and shift their purchasing habits towards a just-in-time model.

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

While the United States, Europe, Canada, Latin America and most of Asia Pacific have been severely impacted by this down-cycle, activity levels have remained relatively stable in the Middle East region. Some revenue generation opportunities also exist in parts of Africa, China, and Latin America. However, pricing pressure has intensified in many of these regions as service and equipment providers have become increasingly competitive to take advantage of any areas of activity.

GROSS PROFIT

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2016	2015	Change	% Change	2016	2015	Change	% Change
Gross profit	(2,512)	6,877	(9,389)	(137%)	(3,941)	17,255	(21,196)	(123%)
<i>Gross profit %</i>	<i>(38%)</i>	29%	(68%)		<i>(29%)</i>	35%	(64%)	

For the three and six months ended June 30, 2016, gross profit was negatively impacted by the substantial decline in revenues realized as a result of the down-cycle. Depressed levels of activity resulted in a decline in required production hours, which drove meaningful under-absorption of production facility costs during the period.

In response to the continued decline in production activity, McCoy Global initiated its third, and most significant, company-wide Restructuring Plan towards the end of the second quarter. This Plan included the consolidation of McCoy Global's hydraulic power tong production to Edmonton, Canada, the closure of the Corporation's Houston sales and service facility, as well as the relocation and downsizing of the Aberdeen UK facility. In addition to the facility closures, sizeable reductions to both operational and functional workforce were also implemented. This Plan will be completed towards the end of the third quarter, with the financial benefit of the plan being realized in the second half of 2016 and beyond.

Current market conditions have resulted in pricing pressure and fewer higher margin capital equipment and software orders. The decline in gross profit has largely been due to meaningful under absorption of production capacity as a result of lower activity levels. The Plan implemented by management will reduce the Corporation's cost structure to better align with current market conditions, however an increase in revenues and production activity will be required to attain historical gross profit percentage levels in future periods.

GENERAL AND ADMINISTRATION (G&A)

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2016	2015	Change	% Change	2016	2015	Change	% Change
G&A	3,202	4,949	(1,747)	(35%)	6,265	10,923	(4,658)	(43%)
<i>G&A as a % of revenue</i>	49%	22%	27%		46%	22%	24%	

For the three and six months ended June 30, 2016, G&A declined from the comparative period as a result of cost containment initiatives in both the first and second quarter of the year as well as continued discipline on overhead spend.

In the second quarter, the Restructuring Plan was initiated, which removed significant costs from the Corporation's overheads including senior management and executive employees. The full benefit of these reductions will be realized beginning in the second half of 2016 and beyond.

During the three months ended June 30, 2016 G&A was unfavorably impacted by the recognition of \$0.5 million in bad debts expense, pertaining to the Latin America region. Management continues to closely monitor credit extended to customers and manage trade receivable collections as the severity of this down-cycle continues to impact McCoy Global's customers.

Through the course of the Plan, the Corporation has remained focused on implementing process improvements and operational efficiencies. This has positioned McCoy Global as a leaner and more efficient organization, and will generate increased shareholder value when a recovery occurs.

SALES AND MARKETING

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2016	2015	Change	% Change	2016	2015	Change	% Change
Sales and marketing	921	1,467	(546)	(37%)	1,851	2,865	(1,014)	(35%)
<i>Sales and marketing as a % of revenue</i>	14%	6%	8%		13%	6%	7%	

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

Customer responsiveness continues to be a key priority for McCoy Global. While the Restructuring Plan implemented in the second quarter has reduced sales and marketing workforce as well as discretionary spend, a strong technical sales team remains in place and will continue to be a focus for the Corporation.

RESEARCH AND DEVELOPMENT (R&D)

(\$000 except percentages)	For the three months ended June 30				For the six months ended June 30			
	2016	2015	Change	% Change	2016	2015	Change	% Change
R&D expense	441	412	29	7%	846	822	24	3%
Capitalized development expenditures	-	183	(183)	(100%)	10	797	(787)	(99%)
R&D expenditures	441	595	(154)	(26%)	856	1,619	(763)	(47%)
<i>R&D expenditures as a % of revenue</i>	<i>7%</i>	<i>3%</i>	<i>4%</i>		<i>6%</i>	<i>3%</i>	<i>3%</i>	

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

During the second quarter of 2016, McCoy Global's investment in R&D was also impacted by the Restructuring Plan. Despite the reductions in workforce, McCoy remains committed to R&D efforts during the down-cycle and over the long-term. Preserving McCoy Global's ability to continue to deliver market leading technologies remains paramount, and accordingly investments during this down-cycle have shifted to developing technologies that are less capital intensive and that can be commercialized quickly. These efforts will continue to expand the Corporation's current product offering and develop future revenue opportunities.

OTHER ITEMS

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2016	2015	Change	% Change	2016	2015	Change	% Change
Restructuring charges	9,517	226	9,291	4,111%	9,659	226	9,433	4,174%
Impairment charges	2,727	-	2,727	100%	7,012	-	7,012	100%
Finance charges, net	66	131	(65)	(50%)	84	224	(140)	(63)
Other losses (gains), net	131	88	43	49%	1,439	(549)	1,988	(362%)

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

- (i) onerous lease contracts of \$4.5 million related to future facility costs for facilities under lease which the Corporation does not intend to utilize as a result of the Restructuring Plan;
- (ii) inventory write-downs of \$4.0 million related to product lines which were impacted by the Restructuring Plan as a result of the closure of facilities and reduction in workforce;
- (iii) severance pay and benefits of \$1.0 million related to the reduction in workforce as a result of the Restructuring Plan; and
- (iv) other direct costs of \$0.1 million incurred to support the Restructuring Plan.

Restructuring charges for the six months ended June 30, 2016 include the restructuring charges noted above, as well as severance pay and benefits that were incurred in the first quarter of 2016 as a result of a reduction in workforce.

Impairment charges for the three months ended June 30, 2016 relate to property, plant and equipment (PPE). The Restructuring Plan announced in the second quarter of 2016 resulted in the closure of several facilities across the organization. This included a production facility in Broussard, USA, a sales and service facility in Houston, USA, and the relocation and downsizing of operations in Aberdeen, UK. As a result of these facility closures the Corporation performed an assessment over the PPE at each of these locations to determine if any of the PPE at these locations was impaired. Based on this assessment, it was determined the fair value less cost to sell of certain assets was less than carrying value, and as a result an impairment charge was recognized. A significant portion of the impairment charges relate to the closure of the Corporation's hydraulic power tong production facility in Broussard.

Impairment charges for the six months ended June 30, 2016 include the PPE impairment noted above, as well as an impairment that was taken in the first quarter of 2016 against internally generated intellectual property.

Finance charges, net are primarily comprised of standby fees on the Corporation's credit facility and legal fees to maintain the facility, offset by interest income. In order to reduce standby fees, the Corporation reduced the maximum principal available under its facility during the quarter. In July, 2016 the credit facility was cancelled and replaced with a \$5.0 million operating line. 2015 finance charges, net also include amortization of deferred financing charges, which were fully amortized as at December 31, 2015.

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

ADJUSTED EBITDA

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2016	2015	Change	%	2016	2015	Change	%
Adjusted EBITDA	(5,888)	1,538	(7,426)	(483%)	(11,512)	7,372	(18,884)	(256%)
<i>Adjusted EBITDA as a % of revenue</i>	<i>(89%)</i>	7%	(96%)		<i>(84%)</i>	15%	(99%)	

For the three and six months ended June 30, 2016, adjusted EBITDA was impacted by the continued global reduction in drilling and completions activity and the substantial decline in revenues realized as a result of the down-cycle, in addition to lower margins as a result of increased competition in regions where activity remains positive. Furthermore, global depressed levels of activity resulted in a decline in required production hours, which drove significant under-absorption of production facility costs during the periods.

McCoy Global initiated the Restructuring Plan towards the end of the second quarter. The Plan implemented by management will reduce the Corporation's cost structure to better align with current market conditions, with the full financial benefit of the Plan realized in the second half of 2016 and beyond. However, an increase in revenues and production activity will be required to attain positive adjusted EBITDA in future periods.

SUMMARY OF QUARTERLY RESULTS

(\$000 except per share amounts)	2016		2015				2014	
	Jun 30	Mar	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenue	6,583	7,159	11,648	21,376	22,952	25,800	27,209	38,275
Impairment and restructuring charges	12,244	4,427	4,779	2,170	226	-	-	-
(Loss) earnings from continuing operations	(19,096)	(9,377)	(10,792)	(1,963)	(451)	2,229	1,753	4,163
Basic (loss) earnings per share from continuing operations	(0.69)	(0.34)	(0.39)	(0.07)	(0.02)	0.08	0.06	0.15
Diluted (loss) earnings per share from continuing operations	(0.69)	(0.34)	(0.39)	(0.07)	(0.02)	0.08	0.06	0.15
Net (loss) earnings	(19,096)	(9,377)	(10,792)	(1,963)	(451)	2,229	1,477	5,747
Basic (loss) earnings per share	(0.69)	(0.34)	(0.39)	(0.07)	(0.02)	0.08	0.05	0.21
Diluted (loss) earnings per share	(0.69)	(0.34)	(0.39)	(0.07)	(0.02)	0.08	0.05	0.21
Adjusted EBITDA	(5,888)	(5,624)	(4,526)	922	1,538	5,834	4,957	7,998

LIQUIDITY AND CAPITAL RESOURCES CASH FLOW

At June 30, 2016, the Corporation has \$20.6 million in cash and cash equivalents and no debt. The Corporation has a credit facility, which expires on May 31, 2018. In the first quarter of 2016, the Corporation reduced the maximum principal available under the revolving credit facility from \$25.0 million to \$10.0 million. Subsequent to June 30, 2016, the Corporation cancelled the \$10.0 million revolving credit facility and replaced it with a \$5.0 million operating line.

Selected cash flow and capitalization information is as follows:

(\$000)	For the 3 months ended June 30		For the 6 months ended June 30	
	2016	2015	2016	2015
Cash (used in) operating activities	(1,664)	(7,293)	(6,998)	(4,412)
Cash (used in) generated from investing activities	(58)	662	(204)	(775)
Cash (used in) financing activities	-	(2,735)	-	(2,735)
Debt to equity ratio	0.22 to 1	0.21 to 1	0.22 to 1	0.21 to 1

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

Cash used in investing activities for the three and six months June 30, 2016 were comprised of PPE purchases which were offset by the proceeds from the sale of PPE. For the three and six months ended June 30, 2015 the Corporation collected \$0.8 million of proceeds from escrow related to the 2014 divestiture of the Corporation's Mobile Solutions segment. In addition, in both the first and second quarter of 2015 additions to intangible assets as a result of capitalized development costs impacted cash flows.

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

It has become increasingly challenging in this down-cycle to access debt and equity markets. However, the Corporation has \$20.6 million of cash at June 30, 2016, a strong working capital position and no debt. In addition, the full financial benefit of the Restructuring Plan will be realized in the second half of 2016 which will improved cash flow from operations. In addition, management will continue to exercise discipline over spending and attempt to reduce inventory levels to align to current market activity. Management believes the Corporation has sufficient capital to fund its operations in the near term. Though the Restructuring Plan implemented by management will reduce the Corporation's cost structure to better align with current market conditions, an increase in revenues and production activity will be required to attain positive adjusted EBITDA in future periods. If the down-cycle persists for an extended period of time with no increase in revenues, the Corporation may be required to review options to raise capital.

OTHER FINANCIAL INFORMATION

OUTSTANDING SHARE DATA

As at August 4, 2016 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	27,704,239
Convertible equity securities:	
Stock options	2,259,000

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

Dividends

A summary of historical dividend information is as follows:

Dividend declared	Dividend paid	Amount per common share
May 15, 2015	June 11, 2015	\$0.05
March 11, 2015	April 13, 2015	\$0.05
December 4, 2014	December 31, 2014	\$0.05
September 9, 2014	October 8, 2014	\$0.05
May 23, 2014	June 20, 2014	\$0.05
March 14, 2014	April 14, 2014	\$0.05

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

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

OTHER INFORMATION

Additional information relating to the Corporation, including the Corporation's Annual Information Form for the year end December 31, 2015 is available on SEDAR at www.sedar.com.

OTHER INTERIM MD&A REQUIREMENTS

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

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