MCCOY

MOVING GLOBAL ENERGY FORWARD

ANNUAL INFORMATION FORM

For the fiscal year ended
December 31, 2009

March 12, 2010

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FORWARD LOOKING INFORMATION

Certain statements in this Annual Information Form ("AIF") may contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", and similar expressions are intended to identify forward-looking information or statements. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause McCoy's actual results and experience to differ materially from the anticipated results or expectations expressed. Readers are cautioned not to place undue reliance on forward-looking information that may be contained herein, which is given as of the date it is expressed in this AIF or otherwise, and to not use future-oriented information or financial outlooks for anything other than their intended purposes. McCoy undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

CORPORATE STRUCTURE

NAME AND INCORPORATION

McCoy Corporation, (the "Corporation", or "McCoy"), was incorporated under the *Business Corporations Act* (Alberta) ("the Act") on February 29, 1996 as 686124 Alberta Ltd. The Corporation amended its Articles of Incorporation on July 14, 1997, to change its name to McCoy Bros. Inc. The Corporation amalgamated with MBP Holdings Inc. pursuant to Articles of Amalgamation dated December 31, 1997 and it amalgamated with three of its wholly-owned subsidiaries, McCoy Bros. (Red Deer) Ltd., McCoy Bros. Transport Inc., and McCoy Bros. (Calgary) Ltd. pursuant to Articles of Amalgamation dated January 1, 1999. The Corporation amended its Articles effective June 13, 2005 to change its name to McCoy Corporation.

The head office is located at #301, 9618 – 42 Avenue, Edmonton, Alberta T6E 5Y4. The Corporation's registered address is Davis LLP, Livingston Place, 1000 - 250 2nd Street SW, Calgary, Alberta T2P 0C1.

INTERCORPORATE RELATIONSHIPS

The following table presents a list of the Corporation's subsidiaries as at December 31, 2009, the most recently completed financial year.

CORPORATION	JURISDICTION	% OF VOTING SECURITIES OWNED BY MCCOY CORPORATION
Prairie Truck Ltd.	Alberta	50
Peerless Limited	Alberta	100
Rebel Metal Fabricators Ltd.	Alberta	100
Inotec Coatings and Hydraulics Inc.	Alberta	100
Precision Die Technologies, L.L.C.	Louisiana	100 (beneficially)
Superior Manufacturing & Hydraulics, Inc.	Louisiana	100 (beneficially)
Texas Breakout II, L.P. (carries on business as RP Manufacturing & Calibration)	Texas	100 (beneficially)

GENERAL DEVELOPMENT OF THE BUSINESS

The general development of McCoy's business during the last three financial years and for the first three months of 2010, including significant acquisitions and other events which have had an influence on the Corporation's development, are described below.

2010

McCoy's long-term strategic direction is to be a significant growth-oriented company in the global energy industry by broadening its global reach of products, continued market leadership, ongoing product innovation, and focusing on efficient operations.

In March 2010, McCoy announced a simplified structure from three to two segments to clearly define its focus. Energy Products & Services is engaged in the manufacture of drilling equipment, as well as service and replacement parts for the global oil and gas market and is comprised of three divisions: Drilling and Completions, Coatings and Hydraulics, and Vac and Hydrovac systems. Mobile Solutions is involved in the manufacture of custom heavy-duty trailers and offers a wide range of parts and services for heavy-duty trucks and trailers for the oil and gas, forestry, wind energy, and infrastructure industries. It consists of two divisions: McCoy Trailers and McCoy Parts & Service. The simplified structure distinguishes the Corporation as a single, reliable source for superior industrial equipment globally.

In February 2010, the Corporation entered into a licensing agreement with Vermillion River Tool & Equipment Co., Inc (Verteco) located in Lafayette, Louisiana. The agreement provides the Corporation with a greater presence in the growing handling tool market by allowing McCoy to manufacture and market certain Verteco products designed for handling heavy pipe strings in offshore drilling and well completions.

2009

2009 was a challenging year. It was a year of tight credit markets caused by the continued world financial crisis, weakened commodity prices, excessive natural gas inventory, and reduced consumer demand for hydrocarbons. These events had a direct impact on the Corporation. Western Canada was well into an active rig slowdown when 2009 began and the rig counts south of the border were dropping daily. The Corporation anticipated a reduced demand for its products and services and as a result significant cost cutting measures, including consolidation of operations continued.

Key cost reduction measures during 2009 included actions to: consolidate the Edmonton, AB and Penticton, BC trailer manufacturing plants into one geographic location in Penticton, B.C., which now produces both the Peerless and Scona brands; integrate and consolidate two Edmonton truck and trailer parts and service operations; consolidate RP equipment production into the Corporation's efficient tong manufacturing plant in Lafayette, LA; and reduce headcount and tighten cost controls company-wide.

As a result of these cost cutting and consolidation activities, overhead costs were better aligned with reduced revenues and earnings and in certain cases, permanent savings were realized as business models were restructured. Furthermore, the Corporation remained cash flow positive throughout the year and debt was reduced. Looking forward, it is anticipated that the cost cutting and consolidation measures will have a positive bottom line effect in 2010 and beyond. Onetime costs related to cost cutting and consolidation were absorbed in the 2009 financial results.

Although 2009 was a tough economic year, the Corporation made a small but important strategic acquisition in February 2009 by acquiring Texas Breakout II, L.P. (operating as RP Manufacturing & Calibration ("RP")) of Conroe, Texas. This acquisition added to the Corporation's oil and gas drilling equipment and contributed to the 2009 financial results. The Corporation's international exposure proved to be important in 2009 as sales in the international market held up stronger than in North America.

Looking forward, the Corporation is well positioned to take advantage of a stronger market when it happens. Modest signs of recovery in the Corporation's business units began in late 2009 as North America rig counts began to rebound and international drilling activity looked stronger. Anticipated increases in revenue in 2010 will have a better bottom-line impact because of the cost reduction measures implemented in 2009.

2008

Despite the many challenges faced in 2008, the global oil and gas industry, supported by high commodity prices and available credit, remained healthy for much of the year. This enabled the EP&S segment to post growing sales with solid margins, and the Corporation achieved its seventh consecutive year of revenue and earnings growth overall. The second quarter, driven partly by rising oil prices, ended with a worldwide recession well underway and the accelerating global financial crisis in the second half of the year negatively impacted our international business. This, combined with restricted credit availability, caused many customers to begin reducing their capital equipment purchases.

The Mobile Solutions segment – Trailers division – suffered the full effects of the market downturn. The EP&S segment began to feel the effects of the softening global drilling equipment market in the latter part of the year and required workforce reductions and trimming of operating expenses.

The Mobile Solutions segment – Parts & Service division – started the year slowly, but managed to end in a stronger position as a large portion of its revenue is generated by maintenance budget spending. Maintenance increases when customers reduce their capital expenditures. However, increased maintenance business for the segment was offset to some extent by a decline in new parts sales for mobile oil and gas equipment, causing the segment to show a basically flat year. The sale of The Real McCoy Service Centres parts and service location in Fort St. John, B.C. and closure of the Peerless Limited parts and service operation in Prince George, B.C. in late 2007 and early 2008 respectively improved the cash flow and profitability of this segment.

2007

2007 was the Corporation's sixth consecutive year of revenue and earnings growth. Consolidated revenue and earnings increased by 11% and 3%, respectively, over 2006 performance. This was attributable to strong performance from the Corporation's EP&S segment, including five months of results from Superior and PDT (as defined below). Solid results from this segment were offset to a large extent by reduced sales from the Corporation's Mobile Solutions segment – Trailers division, which was a direct result of the significant reduction of oil and gas exploration, development and production activity in the Western Canadian Sedimentary Basin ("WCSB") coupled with a weak logging industry. The strong Canadian dollar also had a negative impact on the Corporation's financial results.

In June, 2007 the Corporation strengthened its balance sheet by receiving gross proceeds of approximately $40 million from a short form prospectus public offering. The Corporation issued and sold 6.95 million common shares at $5.25 per common share and the agents exercised their option to purchase 695,000 common shares. Foundation, the Corporation's major shareholder, sold 1.9 million common shares in a concurrent secondary offering at $5.25 per common share, thereby reducing its ownership percentage in McCoy from approximately 74% to approximately 42% of the total issued and outstanding common shares at the time. Proceeds of the offering received by McCoy were designated for working capital and to further McCoy's corporate development plans.

At the end of July, 2007, the Corporation completed the acquisition of a leading manufacturer of hydraulic power tongs, Superior Manufacturing & Hydraulics, Inc., ("Superior"). Farr manufactures hydraulic power tongs that are complementary to those of Superior and the acquisition resulted in McCoy becoming the world's leading independent manufacturer of this type of oil and gas drilling equipment. The transaction also included the purchase of Precision Die Technologies L.L.C. ("PDT"), which manufactures dies and inserts for oil field tools such as slips, elevators and power tongs. These dies offer a recurring revenue stream with worldwide applications. Both Superior and PDT are located in Lafayette, Louisiana and together employed approximately 150 people at the time of the acquisition.

DESCRIPTION OF THE BUSINESS

The Corporation carries on business in two operating segments: (1) Energy Products & Services ("EP&S") and (2) Mobile Solutions. Energy Products & Services is engaged in the manufacture of drilling equipment, as well as service and replacement parts for the global oil and gas market and is comprised of three divisions: Drilling and Completions, Coatings and Hydraulics, and Vac and Hydrovac systems. Mobile Solutions is involved in the manufacture of custom heavy-duty trailers and offers a wide range of parts and services for heavy-duty trucks and trailers for the oil and gas, forestry, wind energy, and infrastructure industries. It consists of two divisions: McCoy Trailers and McCoy Parts & Service. The following table outlines the new McCoy structure.

McCoy Structure

SEGMENT	DIVISION	BUSINESS/LOCATION	PRIMARY PRODUCTS/SERVICES
ENERGY PRODUCTS & SERVICES	**Drilling & Completions**	Farr Canada Edmonton, AB	Design, manufacture, service and sale of drilling and completion equipment including power tongs, torque turn computer, and bucking units
		Superior Manufacturing & Hydraulics, Inc. Lafayette, Louisiana	
		RP Manufacturing & Calibration Conroe, TX & Lafayette, LA	
		Precision Die Technologies L.L.C. Lafayette, LA	Manufacture of dies and inserts for oilfield tools
	Coatings & Hydraulics	Inotec Coatings and Hydraulics Inc. Edmonton, AB	Development and application of specialized coatings for downhole and directional drilling tools worldwide, coatings for oil sands related equipment, repairs and maintenance of hydraulic cylinders, coatings for mining related applications
	Vac & Hydrovac	Rebel Metal Fabricators Ltd. Red Deer, AB	Manufacture of pipe handling equipment and vac/hydrovac systems
MOBILE SOLUTIONS	***Trailers***	Peerless Ltd. Penticton, BC	Manufacture and sale of custom, heavy-duty trailers for the oil and gas, logging, wind energy, forestry and construction industries (domestic and international)
	Parts & Service	McCoy Service Centres Edmonton, AB (2) Red Deer, AB Grande Prairie, AB Penticton, BC	Heavy duty truck and trailer maintenance and repairs and heavy-duty truck and trailer parts distribution
		Prairie Truck Ltd. (50% interest only) Grande Prairie, AB	Heavy duty truck sales, heavy duty truck and trailer maintenance and repairs, heavy duty truck and trailer parts distribution

ENERGY PRODUCTS & SERVICES SEGMENT

The EP&S segment is engaged in the manufacture of drilling equipment, as well as service and replacement parts for the global oil and gas market and offers a complete drilling equipment line to customers. This segment operates out of Western Canada, and Texas and Louisiana in the United States, offering a one-stop shop for a wide variety of onshore and offshore oilfield tool and technological solutions. The EP&S segment includes three divisions: Drilling and Completions, Coatings and Hydraulics, and Vac and Hydrovac services.

The EP&S segment employs skilled trade people such as machinists and welders, as well as engineers. Hourly trades' employees at the Farr manufacturing plant are organized under The McCoy Corporation Employees Association (the "Association") whose collective agreement expires March 22, 2010. McCoy has commenced negotiations with the Association and does not expect to encounter any difficulties with the renewal of the Collective Agreement.

At the end of 2009, 235 people were employed by the segment. Sales of energy related products and services accounted for approximately 68% of consolidated revenues in 2009 and 60% in 2008. The EP&S segment uses three distinct marketing channels to sell its products: 1) direct international and domestic sales force, 2) distributors, and 3) third party representatives (agents). The Corporation will continue to pursue growth of this segment, both organically and through strategic acquisitions.

The following acquisitions were made by the Corporation and support the growth of the EP&S segment:

- Superior Manufacturing & Hydraulics in 2007
- Precision Die Technologies in 2007
- RP Manufacturing & Calibration in 2009

The EP&S segment released a new product in 2009 – the FARR SL-4500 Slim Tong – designed for the worldwide work-over rig market. This unique design significantly reduces the weight and size compared to competitive products, yet provides exceptional torque and durability for its class. Even more valuable was the approach in design, which focused on lean manufacturing principles and reduced costs.

Drilling & Completions Division
This division offers the following products and services:

- Tubular make-up power tongs, for both land and offshore rig applications;
- Computerized torque-turn monitoring equipment;
- Consumable replacement parts used in rig equipment;
- Make/break machines used for assembling downhole tool strings and testing pipe connections;
- Rig equipment service
- Top drive systems to operate on standard double rig or super single rigs
- Other drilling and completions equipment

These products and services are offered through many brands including WinCatt™ (torque turning computer); FARR (power tongs, bucking units, power supplies, top drives, and pipe handling); CLINCHER® (power tongs, bucking units, power supplies, top drives, pipe handling, and make/break units); HYTOPS (automated tong system); CHROMEMASTER (low marking tong system); GRITFACE™ (dies and inserts with hardened surface). The products and services of this division made up 52% of the Corporation's revenue in 2009 and 42.5% in 2008.

Competition for the Drilling & Completions division includes other domestic and offshore drilling equipment manufacturers.

Coatings & Hydraulics Division
This division offers products and services to the industrial and natural resource sectors by providing large-capacity plating, spray coating, plasma transferred arc welding services, and hydraulic services.

Through the Inotec and Inotec Wear Solutions (IWS) brands the division develops innovative wear coating applications for downhole tools, oil sands equipment and other industrial equipment. This division also provides hydraulic repair and scheduled maintenance on hydraulic cylinders designed for the world's largest mining shovels and large haul trucks. The balance of the Coatings & Hydraulic division's revenue is generated by chroming, honing and shot peening services offered to many industries including conventional oil and gas, mining, pulp and paper and construction.

Competition in the Coatings & Hydraulic division includes a number of western Canadian based chrome/thermal spray shops and hydraulic repair facilities.

Vac & Hydrovac Division
This division manufactures and supplies regional, national and international clients mainly in the oil and gas, heavy equipment, and environment industries, as well as municipal clients with pipe handling equipment and vacuum/hydrovac systems. Pipe handling equipment is related to oil and gas drilling activities worldwide and includes pick-up and lay-down machines, tong trucks and winch trucks. Vacuum trucks are used for transporting dangerous goods, fluids, wastes and solids, cleaning up spills, cleaning out tanks and disposal of septic materials. Hydrovac systems use water, pressure and vacuum to expose underground structures and perform non-destructive excavation. This division offers two main brands: FARR (pipe handling equipment) and Rebel (vac/hydrovac systems). The division has a number of competitors, predominantly in western Canada.

MOBILE SOLUTIONS SEGMENT

Mobile Solutions is involved in the manufacture of custom heavy-duty trailers and offers a wide range of parts and services for heavy-duty trucks and trailers. It consists of two divisions: Trailers and Parts & Service. This segment is mainly focused on serving oil and gas clients operating in the Western Canadian Sedimentary Basin (WCSB) but also includes forestry, wind energy and infrastructure markets in western Canada.

Mobile Solutions is also targeting international opportunities. It is poised to broaden its trailer manufacturing exposure through geographic diversification (the United States of America and overseas) and through new product development in less cyclical oil and gas markets, such as wind energy.

Mobile Solutions employs approximately 141 employees, including welders, heavy-duty mechanics, and trailer mechanics. Employees at the manufacturing plant in Penticton, British Columbia are members of The International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers Lodge #359. The current collective agreement expires May 31, 2011. Hourly trades' people at the McCoy Service centres in Edmonton are members of the McCoy Corporation Employee Association. The current collective agreement expires March 22, 2010. McCoy has commenced negotiations with the Association and does not expect to encounter any difficulties with the renewal of the Collective Agreement.

Organic growth continued in 2009 with the development of new innovative products. Commercialization of wind energy trailers continued to diversify sales into a strong growth market. A turbine blade trailer was completed and successfully field tested in the third quarter of 2009. A prototype for a second wind energy transporter, a Jeep-Schnabel-Dolly trailer combination, is currently in trials and will be rolled out into North America in Q1, 2010. The innovative features of this trailer provide for faster, more efficient and safer operation than trailers currently available on the market.

New well-servicing trailers for export markets proved successful in 2009, with trailers being supplied to the European Economic Community, China and Australia. The results of these initiatives are expected to increase revenue and earnings and reduce cyclicality over time.

This segment has a large customer base ranging from single owner-operators to large truck and trailer fleets. Sales accounted for approximately 32% of the Corporation's consolidated revenues for fiscal 2009; and 40% for fiscal 2008.

Trailers Division
This division designs and manufactures heavy-duty custom trailers through two different brands: Scona and Peerless. The trailers are used for both on-road and off-road use and service the oil and gas, mining, construction and logging industries worldwide.

The Scona brand includes heavy-duty lowbed trailers, oilfield floats, log trailers and custom trailers. The Peerless brand includes customized chassis, forestry and heavy-haul trailers using high-strength steels ideal for heavy axle loading and rugged operating conditions. In 2009, the Corporation's two trailer manufacturing plants consolidated into the Penticton, BC facility. Key competitors for McCoy Trailers include other custom heavy duty trailer manufacturers in North America.

Parts & Service Division
This division provides heavy-duty truck and trailer maintenance and repairs, as well as the sale of truck and trailer parts under the McCoy and Peerless brands. This division also includes Prairie Truck Ltd., ("Prairie Truck"), which the

Corporation owns a 50% equity interest in. Prairie Truck is an International Truck brand dealership located in Grande Prairie, Alberta offering new International Trucks, used trucks, a large truck and trailer service facility and a heavy-duty truck and trailer parts department.

Key competitors for McCoy's Parts & Service division include private specialty shops and truck dealerships, some of whom perform similar services and sell the same or similar products.

The following discussion relates to the Corporation overall.

Environment, Health and Safety

Although the Corporation generally believes its business activities are unlikely to pose a significant risk to the environment, environmental protection is a core element of the Corporation's philosophy on corporate social responsibility All McCoy Corporation business units showed improvement in Health, Safety and Environmental programs in 2009. Both internal and external health and safety audit scores improved in 2009 with an average score of 95% achieved for the entire Corporation. Lost time claims continued to decrease at the majority of the business units which will assist in reducing Worker's Compensation Board costs in years to come.

Employees

As at December 31, 2009, the Corporation employed a total of 407 individuals including corporate staff.

Foreign Operations

The Corporation's only foreign operations are located in the United States and are part of the EP&S segment. Approximately 36% of the Corporation's property, plant and equipment are now located in the United States; compared to 13.5% in 2008. Revenue generated from foreign operations was approximately 61% of the Corporation's consolidated revenues in 2009; compared to 39% in 2008.

Intangible Properties

It is the Corporation's practice to protect its intellectual property in several ways, depending on the nature of the property. The Corporation files patent applications on new or improved technology that it develops which it believes has commercial value and represents an advantage over its competitors. Most of the Corporation's patents are filed in Canada and the United States. Applications are filed in other countries when there is a strategic advantage to do so. Access to the Corporation's proprietary information is limited, to the extent possible, through the use of confidentiality and non-disclosure agreements with contractors, employees, consultants, customers and suppliers. The Corporation also has agreements with its employees who may develop intellectual property during the course of their employment to assign the property to the Corporation. The Corporation and its divisions and subsidiaries currently have approximately 80 patents and patent applications filed in a variety of jurisdictions throughout the world. Approximately sixty patents and patent applications were acquired in connection with the Superior acquisition. Trademarks are also used fairly extensively in the Corporation's businesses, with a total of approximately fifteen currently registered and active.

Raw Materials

Both the EP&S and Mobile Solutions segments use steel as the major component of their products. Although pricing may fluctuate, sourcing the steel has generally not been problematic. The Canadian operations source raw steel primarily through Canadian markets in Canadian dollars. The U.S. operations source their raw steel through U.S. markets and purchase in U.S. dollars.

RISK FACTORS

Financial Risk Management

As per the Management's Discussion & Analysis ("MD&A"), the Corporation's activities are exposed to a variety of financial risks including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Corporation's financial performance. The risk management program is carried out by financial management in conjunction with overall corporate governance. The principal financial risks to which the Corporation is exposed are described below:

Foreign Currency Risk

Foreign currency risk arises from fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The large ratio of international to domestic sales the Corporation has experienced may increase the risk of this exposure as the Corporation's US dollar purchasing may not be enough to offset these international sales or the timing of US dollar purchases may not correspond in any given quarter, yielding unrealized foreign exchange losses. If the businesses that sell in US dollars are not able to continue to improve productivity and increase prices, then margins could also be impacted. Included in earnings for the year is $148,007 of foreign exchange losses (2008 – gain of $955,487).

Interest Rate Risk

The Corporation's interest rate risk arises from its floating rate long-term debt and obligations under capital lease. The Corporation does not currently hold any financial instruments that mitigate this risk and management believes that the impact of interest rate fluctuations will not be significant. For each 1% change in the rate of interest on loans subject to floating rates, the Corporation would incur approximately $58,000 (2008 – $58,000) in annual interest reduction or increase.

Credit Risk

The Corporation is exposed to credit risk through its accounts receivable with its customers. This risk is now elevated compared to prior years due to the impact the current credit markets and general economy have had on the customers. The Corporation manages credit risk by following a program of credit evaluation, obtaining deposits on certain orders and by limiting the amount of customer credit following the credit evaluation. Allowances are provided for potential losses that have been incurred at the balance sheet date. The amounts disclosed in the balance sheet for accounts receivable are net of the allowance for doubtful accounts amounting to $296,643 (2008 – $418,730). The Corporation also has foreign sales which are normally paid prior to shipping. The Mobile Solutions segment liens any repair that is over $1,000. For the years ended December 31, 2009 and 2008, the Corporation did not have any customers that represented greater than 10% of its revenue.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the funding through an adequate amount of committed credit lines. Cash on hand at December 31, 2009 was $4,871,278 and $15,000,000 is available under the Canadian credit facility. As at December 31, 2009, based on the levels of accounts receivable and inventories used to calculate the available credit, the Corporation had access to $6.0 million of the line. The credit facility was reduced to $10,000,000 as per the renegotiated credit facility effective February 8, 2010. The Corporation also has US$1,800,000 available under a U.S. operating line of credit facility.

Critical Risks & Uncertainties

As at December 31, 2009, there have been changes in the Corporation's risks or risk management activities since December 31, 2008 as the Corporation no longer views labour shortage as a key risk given the current conditions of the Alberta labour market. 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:

- the economy of the energy and transportation sectors;
- weather;
- ability to attract and retain key personnel;
- the competitive environment;
- McCoy's ability to successfully integrate and operate additional businesses;
- oil and natural gas commodity price fluctuations;
- foreign exchange rate fluctuations; and
- interest rates.

A discussion of these risks and other risks associated with investment of the Corporation's shares is discussed below and also available in the MD&A available at www.sedar.com.

Business Risk

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

Economic Downturn
The duration of the current economic downturn is uncertain. The continuation of the downturn will negatively impact the Corporation's financial performance. By situating the Corporation to adapt to changing market conditions, exposure to such risk may be lessened. This has and will continue to be achieved by cost management strategies and expansion into other sectors through new targeted marketing strategies.

Growth Strategy Risk
The Corporation's Board had planned a strong growth strategy for the Corporation over the next 3 to 5 years. There is a risk that access to capital may be reduced in both the debt and equity markets resulting in delays to the implementation of growth strategy, both organically and by acquisitions. As the world economic conditions worsened, management has shifted its short term focus to navigating through turbulent times. We believe this was prudent amidst such market uncertainty. The Corporation's financial position must be protected to ensure management has the ability to continue its long term growth strategy in the future.

Commodity Price Risk
The recent downturn in oil and gas prices worldwide has had a direct impact on activities of the Corporation's customers. Low commodity prices for an extended period of time will result in continued reduced demand for many of McCoy's manufactured products. This in turn will result in lowered revenues and earnings. To mitigate some of this risk, management has focused on growing its less volatile recurring revenue businesses such as replacement parts and service related to mobile equipment and drilling equipment as well as new product development. In addition, the Corporation's strategy to increase revenue outside of North America provides less revenue volatility.

Hydrocarbon Demand Risk
Global demand for hydrocarbon related products such as gasoline and natural gas directly impacts the level of worldwide drilling activity. Reduction in drilling activity results in lower demand for many of our manufactured products. To help alleviate some of this risk, management is continuing to grow its service and replacement parts business for drilling equipment as well as mobile equipment such as trucks and trailers. Growing the Corporation's exposure to the recurring revenue maintenance cycles of existing capital equipment is a key part of the long term business strategy.

Cyclicality
As a significant percentage of the Corporation's consolidated revenues are tied, directly or indirectly, to the oil and gas industry, both in Western Canada and globally, its overall financial performance is subject to any cyclicality in this industry sector.

Reliance on Key Persons and Labour Shortages
The potential loss of key personnel is another risk area the Corporation faces. While continued productivity improvements have reduced labour requirements and the recent economic downturn has relieved the labour market pressures in the short-term, the Corporation's future and growth is dependent on retaining qualified employees at all levels of the organization. In order to address this risk, the Corporation is proactive in its human resource management with the ultimate goal of providing an attractive work environment for all employees.

Domestic and Foreign Competition
Each segment of the Corporation has competitors. If the Corporation does not respond effectively to its competitors' new products, geographic expansion, pricing and marketing strategies, the Corporation may lose market share. Foreign competition presents a risk for the hydraulic power tong market as China, in particular, is expanding its distribution network in North America. The Corporation invests a significant amount of time and effort on new product development to ensure that this risk is mitigated.

Foreign Sales
The EP&S segment sells a significant amount of its product to foreign countries. International sales are subject to inherent risks such as changes in regulatory requirements, delays from customs brokers or government agencies, or other trade barriers. Although most foreign sales are paid prior to shipping, there is potential risk related to any situation, such as war and civil insurrection that could disrupt the payment of monies owed to the Corporation. Furthermore, a significant amount of products and services may be subject to the export control laws of the United States, Canada or other countries where its products are sold. Failure to comply with the laws and regulations governing exports could result in monetary fines for individuals as well as McCoy, loss of McCoy's export privileges, imprisonment, and other sanctions. The company has established procedures that Company personnel must follow to ensure compliance with those laws and regulations.

Business Acquisitions
The Corporation purchased the shares of Peerless in 2004, Rebel in 2005, Inotec in 2006 and Superior and PDT in 2007 and RP in 2009. If integration of any new businesses does not occur as expected, or their performance is less than expected, the Corporation's revenues may be lower and operational costs higher than expected.

Environmental Risk
Inotec, a wholly owned subsidiary of McCoy Corporation, conducts certain portions of its industrial coatings business with hazardous substances that are harmful to the environment and personnel should there be a substantial spill or personnel exposure to some or all of these substances. Management has in place mitigating measures and controls which are believed to reduce significantly the opportunity for such an event to take place. The Corporation and Inotec are subject to stringent health, safety and environmental policies and standards and are internally audited on a regular basis. An Environmental Management System based on the Internal Standard ISO 14001:2004 has been implemented at Inotec.

Insurance
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.

Steel Supply and Pricing
Both of the Corporation's segments use steel as the major component of their products. Disruption in the supply of steel may affect the Corporation's ability to fill orders in a timely fashion and volatility of steel prices may affect gross margins. The Corporation has many steel suppliers which may assist in the mitigation of disruption of the supply of steel.

Anti-Corruption Risk
The Company does business in many countries and our operations are subject to many different laws, customs and cultures. Business is conducted by both McCoy Personnel and Third Party Representatives. The Corporation is required to comply with applicable anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act (the "CFPOA") and the U.S. Foreign Corrupt Practices Act (the "FCPA"), as well as local laws in all countries in which the corporation does business. The company has established policies, procedures and a due diligence process that Company personnel and/or Third Party Representatives must follow to ensure compliance with those laws.

Weather Conditions
An unseasonably warm winter can adversely affect McCoy's operations in two ways. In some areas, drilling activity is dependent upon prolonged periods of cold weather to freeze the ground and allow heavy equipment access to off-road locations. If the equipment is not in active use, it is unlikely to require repair. Also, an unseasonably warm winter in North America reduces the consumption of natural gas which negatively affects drilling activity.

Climate Change Risk
McCoy Corporation is unlikely to be affected directly by Climate Change effects. No direct physical risks (i.e. rise of sea level, harsher winter) resulting from Climate Change are foreseeable to affect the continuity of our business units in the long term.

None of the impending regulations on Greenhouse Gases ("GHGs") is anticipated to directly affect any of our business units, since all our facilities emit less than the regulatory threshold of 100,000 tonnes of carbon dioxide ("CO2") per year. Although none of McCoy Corporation business units is a large emitter of CO2, the corporation is taking steps towards assessing the carbon footprint of each one. Our initial approach consists on monitoring fossil fuel and electric power costs with intention of identifying areas of potential improvement. The Corporation's main customers in the Oil & Gas Industry most probably will face the need for capital investment to comply with impending regulations promoting CCS (Carbon Capture and Storage) for reductions in GHGs, besides current expenses (in Alberta, CO2 is currently regulated at $15/ton). Whether price adjustment, revenue adjustment or revamping will take place in any given facility of our customers is uncertain. However, the oil extraction activity is reasonably expected to be maintained to cover the growth in energy demand. In fact, such demand is expected to keep increasing due to harsher winters and higher summer temperatures resulting from warming of Earth.

In the short term, McCoy Corporation will be gradually formalizing current initiatives aimed towards increasing energy efficiency and reducing energy consumption.

DIVIDEND RECORD & POLICY

The following table shows the Corporation's dividends paid for the past three financial years.

Dividend Paid Date	Amount per common share
March 30, 2007	$0.02
June 29, 2007	$0.02
September 28, 2007	$0.02
December 28, 2007	$0.03
March 28, 2008	$0.03
June 27, 2008	$0.03
September 30, 2008	$0.03
December 31, 2008	$0.03
March 31, 2009	$0.01
June 30, 2009	$0.01
October 15, 2009	$0.01

Any future dividends will be at the discretion of the Board of Directors and will be dependent upon McCoy's earnings, capital requirements, growth opportunities, and financial position, as well as general economic conditions, bank lending requirements and other factors deemed relevant by the Board of Directors.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of shares designated as Common Shares and an unlimited number of shares designated as Preferred Shares. As of the date of this Annual Information Form there are 26,475,912 Common Shares and no Preferred Shares issued and outstanding. The Common Shares have attached to them the rights, privileges, restrictions and conditions as set forth below.

(a) Except for meetings at which only holders of another specified class shares of the Corporation are entitled to vote separately as a class, each holder of a Common Share is entitled to receive notice of, to attend and to vote at all meetings of the shareholders of the Corporation.

(b) Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Corporation then outstanding, the holders of the Common Shares are entitled to receive dividends if, as and when declared by the directors of the Corporation.

(c) Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Corporation then outstanding, the holders of the Common Shares are entitled to share equally in the remaining property of the Corporation upon liquidation, dissolution or winding-up of the Corporation.

MARKET FOR SECURITIES

The Common Shares of the Corporation trade on the Toronto Stock Exchange under the symbol "MCB". The following is the trading data in respect of the Common Shares for 2009 reported by the Toronto Stock Exchange.

MONTH 2009	OPEN $	HIGH $	LOW $	CLOSE $	VOLUME TRADED	VALUE TRADED $
DECEMBER	1.23	1.53	1.16	1.44	228,097	302,041
NOVEMBER	1.30	1.36	1.21	1.23	1,822,054	2,280,923
OCTOBER	1.25	1.40	1.21	1.30	420,774	535,660
SEPTEMBER	1.27	1.36	1.18	1.25	339,141	429,878
AUGUST	1.30	1.39	1.25	1.30	302,782	392,897
JULY	1.25	1.35	1.15	1.34	291,718	355,973
JUNE	1.35	1.50	1.17	1.25	1,461,200	1,723,493
MAY	1.45	1.55	.99	1.29	586,980	689,010
APRIL	.81	1.63	.80	1.47	597,032	732,030
MARCH	1.06	1.06	.81	.81	1,086,841	950,037
FEBRUARY	1.38	1.45	1.00	1.00	550,946	611,094
JANUARY	1.35	1.76	1.17	1.49	235,329	329,942

DIRECTORS & OFFICERS

The following table sets forth the name, municipality of residence, principal occupation for the last five years of the directors of the Corporation and year first elected to the Board of each of the directors of the Corporation as at December 31, 2009. The term of office of each director will expire at the end of the next annual meeting of shareholders of the Corporation.

NAME AND MUNICIPALITY OF RESIDENCE	POSITION WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING LAST FIVE YEARS	INDEPENDENT(1)	DATE FIRST BECAME DIRECTOR
KERRY BROWN, CA St. Albert, AB	Director and Chairperson of the Board	President and Chief Executive Officer CMW Management Inc., a private investment holding company (current) President and Chief Executive Officer Foundation Equity Corporation, a venture capital investment fund (1992 to 2007) Chief Financial Officer McCoy Corporation (2003 to 2008)	No	1995
FRANK BURDZY MBA Calgary, AB	Director	Vice-President, Business Operations Superior Propane (division of Superior Plus Inc.), a propane and petro fuels distribution company (current) Principal The Burdzy Group Inc. (2003-2005)	Yes	2005
TERRY CHALUPA Edmonton, AB	Director	President and General Manager Abalone Construction (Western) Inc., a company serving the heavy construction industry in Alberta; and Chief Executive Officer and General Manager Abalone Construction Services Inc. (current)	Yes	2001
TERRY D. FREEMAN, CA Edmonton, AB	Director	Managing Director Northern Plains Capital Corporation, a private equity firm specializing in oil field services and energy industrial investments (current) Chief Financial Officer Flint Energy Services Ltd. from (1992 to 2007)	Yes	2009
JOHN C. HOWARD, CA Edmonton, AB	Director	Managing Partner & Chartered Account Howard Gardiner Associates, an Edmonton-based chartered accounting firm (current)	No	1995
CARMEN LOBERG Calgary, AB	Director	President NorTerra Inc., a private investment company with principle investments in transportation, manufacturing, and logistics (current)	Yes	2008
GORDON MCCORMACK, CA Edmonton, AB	Director	President and Chief Executive Officer Hyduke Energy Services Inc. (current)	Yes	2008
JIM RAKIEVICH Edmonton, AB	Director and President Chief Executive Officer	President & CEO McCoy Corporation (current) Served with the Corporation since 1996	No	2002

Note:

(1) Mr. Brown is not an independent director of the Corporation due to his role as CFO of the Corporation up to February 1, 2008, at which time Ms. Stolic was appointed to the position. Furthermore, Messrs. Brown and Howard are directors of Foundation, BBH GP Inc., and MCB LP. BBH GP Inc. is the general partner of BBH LP, the landlord to three of the Corporation's facilities. Additionally, the same directors are principals of MCB LP, the landlord to one other of the Corporation's facilities. See as well the "Conflict of Interest" section. Mr. Rakievich is not an independent director by virtue of his position as President & CEO of the Corporation.

BOARD COMMITTEES

McCoy has three committees of the Board: the Audit Committee, the Governance Committee, and the Compensation Committee. The voting members of each of these committees, as at December 31, 2009, are identified below:

Audit Committee	Governance Committee	Compensation Committee
Frank Burdzy, Chair Terry Freeman Gord McCormack	Kerry Brown, Chair John Howard Carmen Loberg	Terry Freeman, Chair Kerry Brown Frank Burdzy Terry Chalupa Carmen Loberg

The charters of the Audit Committee, Governance Committee, and Compensation Committee can be found as Appendices 1, 2 and 3 respectively to the AIF. Additional information about the Audit Committee can be found later in the AIF under the heading "Audit Committee Information."

The following table sets forth the name, municipality of residence and principal occupation during the last five years for executive officers of the Corporation who are not also directors of the Corporation.

NAME AND MUNICIPALITY OF RESIDENCE	POSITION WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING LAST FIVE YEARS
MILICA STOLIC, **CMA** Edmonton, AB	Chief Financial Officer & Corporate Secretary	CFO & Corporate Secretary (current) Director of Finance (2004-2008) Served with the Corporation since 2000
TED REDMOND, M. ENG., MBA Edmonton, AB	Executive Vice President, Energy Products & Services	Executive Vice President, Energy Products & Services (current) Vice President, Energy Products & Services (2006-2008) Partner Kirchner and Company, an investment banking firm (2004-2006)
SHAWN JOHNS Sherwood Park, AB	Vice President Parts & Service	Vice President, Parts & Service (current) Served with the Corporation since 1998 in positions involving truck and trailer products and services
ANDY MCEACHERN, P. ENG. Penticton, BC	Vice President Trailers	Vice President, Trailers (current) General Manager Peerless Ltd. (2005-2008) Engineer Manager Peerless Ltd. (1995-2005)
TOM WATTS Sherwood Park, AB	Vice President Human Resources	Vice President, Human Resources (current) Director, Human Resources (2006-2009). Director, Organizational Development Sherritt International (2006) Manager, Organizational Development Sherritt Coal (2005-2006). Corporate Manager, Human Resources Luscar, (2003-2005)

Foundation Equity Corporation ("Foundation") is a privately-held investment holding company and the Corporation's largest shareholder. Foundation holds 11,402,727 Common Shares of the Corporation, representing approximately 43% of the issued and outstanding Common Shares. Certain of the outstanding shares of Foundation are held by directors of the Corporation as follows: Kerry Brown (15.27%), Terry Chalupa (1.91%) and John Howard (7.62%). Messrs. Brown, Chalupa and Howard are all directors of Foundation, and Mr. Chalupa is also a member of Foundation's Compensation Committee. Mr. Brown is the Chairperson of the Corporation.

Northern Plains Capital Ltd. ("NPCL") is a private equity firm specializing in oil field services and energy industrial investments and holds 3,539,200 common shares of the Corporation representing approximately 13% of the issued and outstanding Common Shares. Terry Freeman, a current director of the Corporation, is a managing director of NPCL.

Excluding Common Shares held by Foundation, NPCL and Common Shares that may be issued pursuant to the exercise of stock options, as of March 12, 2010 the directors and officers of the Corporation as a group beneficially owned, directly or indirectly, 716,641 Common Shares representing approximately 2.71% of the issued and outstanding Common Shares. The information as to the beneficial ownership of such shares, not being within the knowledge of the Corporation, has been confirmed by the directors and officers of the Corporation individually.

Foundation and Mr. Kerry Brown entered into a settlement agreement with the Alberta Securities Commission dated December 13, 1999 and Foundation entered into a settlement agreement with the Ontario Securities Commission dated September 30, 2002, both of which relate to a sale of shares of another publicly-traded Corporation by Foundation carried out in April of 1999. Under the terms of the settlement agreement with the Alberta Securities Commission, Foundation and Mr. Brown agreed to undertake to comply diligently with the *Securities Act* (Alberta) and to pay an administrative penalty of $28,000 and costs of $2,000. In the settlement agreement with the Ontario Securities Commission, Foundation agreed to pay costs in the amount of $2,000. Foundation's full cooperation and absence of any prior sanctions were specifically noted in the settlement agreement with the Alberta Securities Commission.

CONFLICT OF INTEREST

There is the potential for material conflicts of interest with certain directors of the Corporation who are also directors of Foundation, BBH GP Inc., and MCB LP those being Messrs. Kerry Brown and John Howard. BBH GP Inc. is the general partner of BBH LP, the landlord to three of the Corporation's facilities. Additionally, the same directors are principals of MCB LP, the landlord to one other of the Corporation's facilities.

There is potential for a material conflict of interest between Superior and PDT and Mr. David Buck, President of Superior. Mr. Buck indirectly owns the facilities on which Superior and PDT carry on business. See "Interests of Insiders and Others in Material Transactions".

The existence of existing or potential conflicts of interest is required to be disclosed by directors and officers in accordance with McCoy policies governing directors and officers and in accordance with the *Business Corporations Act (Alberta)*. The Governance Committee monitors relationships among directors to ensure that business associations do not affect the Board's performance. In a circumstance where a director declares an interest in any material contract or material transaction being considered at a meeting, the director generally abstains from the discussion and consideration of the matter, and does not vote on the matter.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Management of the Corporation is not aware of any material interest, direct or indirect, of any insider of the Corporation or any associate or affiliate of any insider of the Corporation in any past or proposed transaction which in either case has materially affected or will materially affect the Corporation during the last three completed financial years or during the current financial year with the exception of the following:

Sale and Leaseback

In April 2003, the Corporation accepted a sale and leaseback offer to sell the two parcels of land and buildings housing three Edmonton-based divisions. Effective April 30, 2003, the Corporation leased the properties back from the purchaser and continues to operate its businesses at those locations. The purchaser was BBH Limited Partnership whose principals include Messrs. Kerry Brown, John Howard and Harry Baur. Messrs. Brown and Howard are directors of the Corporation and Mr. Baur is a former director of the Corporation.

The total purchase price paid for the properties was the appraised market value of $5,793,000 (plus GST) allocated as to $4,009,000 for the south side location and $1,784,000 for the north side location. The purchase price was paid by cash of $5,093,000 and a vendor take back second mortgage of $700,000, subject to the first mortgage, having a ten year term and a fifteen year amortization payable by monthly interest only payments for the first five years of the term and blended monthly payments of principal and interest thereafter all at an annual interest rate of 7.36% per annum. The Corporation expects to recognize a gain on the sale of $1,531,206 over the fifteen year leaseback. In August, 2008, the vendor take back second mortgage of $700,000 was repaid in full by the purchaser, BBH Limited Partnership.

	SOUTHSIDE LOCATION (THE REAL MCCOY SERVICE CENTRES (SOUTHSIDE) & SCONA	NORTHSIDE LOCATION (FARR)
Term	15 years	15 years
Options	1-5 year option	1-5 year option
Basic Rent		
Years 1-5	$471,000 per year	$209,620 per year
Years 6-10	$520,028 per year	$231,437 per year
Years 11-15	to be renegotiated at market rate but not less than rate in Year 10	to be renegotiated at market rate but not less than rate in Year 10

Inotec Leases
Effective July 31, 2006, Inotec entered into two lease agreements with 742770 Alberta Ltd. for the premises on which Inotec operates its business. Jerry McCracken was the president of Inotec at the time of the acquisition and is significant shareholder of 742770 Alberta Ltd. Effective April 1, 2008, Mr. McCracken resigned his position with Inotec and the Corporation's relationship with the landlord became arms-length. The leases have an initial five year term with a renewal option for an additional five years. The total per annum combined rent payable is $523,547. If the renewal option is exercised, rent for the additional term will be the then fair market value rate but in any event will not be less than the current rate.

Superior/PDT Leases
Mr. David Buck, President of Superior and PDT, indirectly owns the property on which these two businesses operate. Each lease is for a ten-year term expiring in 2017. The aggregate annual base rent is US$387,600. If both businesses exercise their options to renew, the aggregate annual base rent will be approximately US$435,600.

See also "Material Contracts" ("Acquisition of all the issued outstanding shares of Inotec" and "Acquisition of all the issued and outstanding shares of Superior and membership interests of PDT") which describe the relationship of the landlords to the Corporation.

TRANSFER AGENTS AND REGISTRARS

Valiant Trust Company, Edmonton, Alberta and Toronto, Ontario is the Transfer Agent and Registrar for the Corporation's Common Shares.

INTERESTS OF EXPERTS

The Corporation's auditors, PricewaterhouseCoopers (PwC) LLP, have confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

MATERIAL CONTRACTS

The following are material contracts entered into during fiscal 2009 or before 2009 but remaining in effect:

Sale and Leaseback
The Corporation sold its land and buildings and leased back the property in a related party transaction effective April 30, 2003. Please refer to "Interests of Management and Others in Material Transactions – Sale and Leaseback" for further details.

Acquisition of all the issued and outstanding shares of Rebel
The Corporation acquired all of the issued and outstanding shares of Rebel Metal Fabricators Ltd. pursuant to the terms of a securities purchase agreement dated May 25, 2005. The Corporation paid cash consideration of $3.66 million for the shares. Two of the selling shareholders will share equally in an earn-out equivalent to 17.5% of the pre-tax net income earned by Rebel in each of the four years following the acquisition. This payment was $446,250 in 2009 (2008: $315,000).

Acquisition of all the issued and outstanding shares of Inotec

Effective July 31, 2006, the Corporation completed the purchase of all the shares of Inotec. The Corporation paid approximately $16.9 million for the shares and shareholder loans. The purchase was paid by a combination of cash and equity: $12,568,401 cash funded by debt, $4,125,000 by 550,000 shares of the Corporation valued at $7.50 and 200,000 common share purchase warrants with an expiry date of July 31, 2008 and an exercise price of $8.69. Pursuant to a condition of the securities purchase agreement, two of the vendors, Mr. Jerry McCracken, president of Inotec at such time, and Mr. Dale Homeniuk, Manager, Product Development, Technical and Marketing, at such time, entered into employment agreements upon closing of the transaction. Inotec entered into a five year lease agreement for the Inotec premises. Mr. McCracken is a significant shareholder in the corporation that owns the leased premises. Effective April 1, 2008, Mr. McCracken retired and resigned from his position as the president of Inotec.

Acquisition of all the issued and outstanding shares of Superior and membership interests of PDT

The Corporation acquired 100% of the issued and outstanding shares of Universal Grinding Inc. ("Universal") which owns all of the issued and outstanding shares of Superior. In a related transaction, McCoy also acquired 100% of the membership interests in PDT. The purchase price of $29,263,733 was funded by cash of $26,643,733 and 488,806 common shares of the Corporation valued at $5.36 each. An earn-out provision allocated amongst the vendors based on future performance of the businesses is also part of the purchase agreements**.** During the year ended December 31, 2009, the Corporation paid $1,186,487 (2008: $1,516,346) as additional consideration related to the acquisition of Universal. Mr. David Buck, President of Superior, entered into an employment agreement for a minimum of three years post-transaction. All other members of management remained in place as well. Mr. Buck is the beneficial owner of the premises leased by Superior and PDT.

Copies of each of the purchase agreements referred to under this heading have been filed on SEDAR at www.SEDAR.com.

ADDITIONAL INFORMATION

International Financial Reporting Standards ("IFRS") Conversion Update

The Corporation's project and governance structure for its transition to IFRS, as detailed in the current and past MD&A disclosures, will remain in place through 2010. McCoy has completed the detailed assessment phase of its conversion project for all standards that affect the transition. The Corporation will focus its effort throughout 2010 on the solutions development and implementation phases of IFRS that will have an impact on McCoy's financial statements. To date, the project is progressing according to plan. The project plan for 2010 is outlined in the Corporation's MD&A, which can be found at www.sedar.com.

Other Information

Detailed segmented revenue information is given in Note 21 of the 2009 consolidated audited financial statements herein incorporated by reference. This information, as well as other information relating to the Corporation, may be found on the SEDAR web site at www.sedar.com as well as on the Corporation's web site at www.mccoycorporation.ca. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, and options to purchase securities is included in the Management Information Circular prepared by the Corporation and sent to shareholders in connection with the Annual General Meeting scheduled for May 20, 2010.

Additional financial information is provided in the comparative consolidated financial statements for the years ended December 31, 2009 and December 31, 2008 and associated MD&A, which are included in their entirety in the Corporation's Annual Report for 2009. Single copies of the Annual Report, Annual Information Form and Information Circular are available from the Corporation's website, www.mccoycorporation.ca, or upon request from the Corporation's Secretary at #301, 9618 – 42 Avenue, Edmonton, Alberta T6E 5Y4 (780) 453-8451, fax (780) 453-8756. Requests for multiple copies may be subject to a nominal fee.

AUDIT COMMITTEE INFORMATION

The Corporation's Audit Committee is a standing committee of the Board and is established to assist the Board in: fulfilling its fiduciary responsibilities in regard to financial reporting, control systems, and ensuring accountability for the use of assets; communicating effectively with the Board, external auditor, internal auditors, and management; promoting the independence of the external and internal auditors; and reporting regularly to the full Board. The Audit Committee's Charter is attached as Appendix 1 to this AIF.

COMPOSITION OF THE AUDIT COMMITTEE

As at March 12, 2010, the Audit Committee is constituted as set out in the following table.

NAME	INDEPENDENT	FINANCIALLY LITERATE
Frank Burdzy, MBA (Chair)	Yes	Yes
Terry Freeman, CA	Yes	Yes
Gordon McCormack, CA	Yes	Yes

RELEVANT EDUCATION AND EXPERIENCE

NAME	RELEVANT EDUCATION	RELEVANT EXPERIENCE
FRANK BURDZY Chairperson	Bachelor of Business Administration and Master of Business Administration	Senior executive and officer of a public company ($4.0 Billion revenue) for 5 years (regular reporting to corporate audit committee). CEO of private company ($500 million revenue) for 2.5 years (ex-officio member of Audit Committee). Currently executive and officer of wholly owned sub ($900M revenue) of publicly-traded corporation. Working under all aspects of compliance, regulatory, reporting C-SOX and internal/external audit processes.
GORDON MCCORMACK, CA	Chartered Accountant	Chief Financial Officer of Hyduke Energy Services Inc., a public company listed on the TSX Venture Exchange for 2 years and promoted to President & CEO of Hyduke, a position currently held since 2004. Articled with Ernst & Young and specialized in assurance and business advisory areas for clients primarily involved in the oil and gas sector.
TERRY FREEMAN, CA	Chartered Accountant	Chief Financial Officer of Flint Energy Services Ltd., a TSX listed company from 2001 to 2007 as well as for its private company predecessors from 1992 to 2001. Board member of Flint Energy Services from 2007 to present. Former Board member and Audit Committee Chair of Rentcash, Inc., a TSX listed company from 2005 to 2008. Currently Managing Director of Northern Plains Capital, a private equity firm.

EXTERNAL AUDITOR SERVICE FEES

CATEGORY	2009 $	2008 $
Audit Fees	236,000	215,000
Audit-Related Fees	30,000	52,346
Tax Fees	60,050	50,425
All Other Fees	55,247	47,914
Total	381,297	365,685

"Audit Fees" are those fees billed by the Corporation's external auditor for the audit of the annual consolidated financial statements.

“Audit-related fees” were billed for attendance at quarterly audit committee meetings and review of related documents.

“Tax Fees” relate to the preparation of the tax returns for 2009 and 2008.

In 2008, the “All Other Fees” category was composed primarily of fees related to an IT audit and preparation for IFRS (“International Financial Reporting Standards”). In 2009, this category was composed of fees related to preparation for IFRS.

APPENDIX 1

AUDIT COMMITTEE CHARTER

The following is the full text of the Audit Committee's charter adopted by the Audit Committee (the "Committee") and the Board of Directors on November 1, 2002 and amended effective December 9, 2008.

Objectives
Primary responsibility for the Corporation's financial reporting and control systems is vested in Corporate Management and is overseen by the Board of Directors. The Committee is a standing committee of the Board established to:

1. Assist the Board in fulfilling its fiduciary responsibilities in regard to financial reporting, control systems, and ensuring accountability for the use of assets.
2. Communicate effectively with the Board, external auditor, internal auditors, and management.
3. Promote the independence of the external and internal auditors.
4. Report regularly to the full Board.

Authority
The Board of Directors elects the Committee. The Board of Directors grants the Committee the authority to carry out the specific duties enumerated in this document, in order to achieve its stated objectives. The Audit Committee shall have unrestricted access to personnel, documents, records and resources necessary to carry out its responsibilities.

Membership
The Committee shall be composed of three outside and unrelated directors. Committee members will be Directors elected by the Board to serve one-year terms and may serve any number of consecutive terms, to preserve some continuity of committee experience. The Board will annually elect one of these directors to serve as the Committee Chairperson. The Board will annually, at the time of Board election, elect directors to fill vacancies arising from expired terms. In the event of mid-term vacancies, the Board will elect replacement directors to complete the term.

Meetings, Agenda, Attendance
The Committee will meet at least four times per year and may call special meetings as required. A quorum shall consist of two members, one being the Chairperson. The President and CEO as well as the Chief Financial Officer or his designate shall attend all meetings. The Chairperson shall, in consultation with management and the auditors, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members in sufficient time for study prior to the meeting. The Corporate Secretary will serve as secretary of the Committee and keep minutes of meetings. The minutes shall accurately record the decisions reached by the Committee and shall be distributed to Committee members and others that the Committee deems necessary.

Specific Responsibilities and Duties

1. Accounting Systems and Internal Controls

a) Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its major subsidiaries and affiliates. Opportunities shall be afforded periodically to the external auditor, the internal auditor (if any) and to senior management to meet separately with the members of the Audit Committee.
b) Direct the auditor's examinations to particular areas.
c) Review control weaknesses identified by the external auditors, together with management's response.
d) Review the qualifications and performance of the key financial and accounting executives.
e) Preserve the independence of the external auditor by:
   - reviewing management's recommendations for the appointment or reappointment of an external auditor
   - reviewing the terms of the external auditor's engagement, the appropriateness and reasonableness of the proposed audit fees and unpaid fees; and
   - reviewing any engagements for non-audit services to be provided by the external auditors or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.

- reviewing with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.

f) Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.

2. Statutory and Regulatory Responsibilities

a) Ensure satisfaction and compliance with the requirements of the *Business Corporations Act* (Alberta), the Alberta, British Columbia, Saskatchewan and Ontario Securities Commissions and the Toronto Stock Exchange.

b) Annual Financial Information
   - review the annual consolidated financial statements and recommend their approval to the Board, after discussing with management and the auditors, matters pertaining to selection of accounting policies, significant accounting judgments, and accruals and estimates.
   - review the auditor's report.
   - review the Management's Discussion and Analysis and notes to the consolidated financial statements.
   - review the letter to shareholders and news release as well as any other public disclosure documents containing financial information.

c) Interim Financial Statements
   - review all interim financial statements that are published or issued to regulatory authorities.
   - review the Corporation's disclosure including management's discussion and analysis, notes, letter to shareholders and news release.
   - obtain reasonable assurance that the process for preparing these statements is reliable and consistent with the process for preparing annual financial statements.

d) Investor Relations Publications
   - review material information and communications related to investor relations that are intended for publication and distribution by any means, including paper format and electronically via e-mail, newswire or web site posting, that has not previously been reviewed and approved by either the Audit Committee or the full Board.

3. Reporting

a) Report, through the Committee's Chairperson, to the Board following each meeting on the major discussions and decisions made by the Committee.

b) Report annually to the Board on the Committee's responsibilities and how it has discharged them.

c) Review the Committee's Terms of Reference annually and propose recommended changes to the Board.

4. Other

a) Ensure the proper investigation of any fraudulent or illegal acts brought to the attention of the Committee.

b) Periodically evaluate the critical areas of exposure to significant risk.

c) Annually review any emerging accounting issues and their potential impact on the Corporation's financial statements.

d) Reserve the right to the Committee to review the financial obligations of other related entities that may have an impact on the Corporation.

e) Reviewing of prospectuses and other offering memoranda.

APPENDIX 2

GOVERNANCE COMMITTEE CHARTER

The following is the full text of the Governance Committee's charter adopted by the Governance Committee (the "Committee") and the Board of Directors on December 5, 2001 and amended effective March 4, 2008.

OBJECTIVES

The Governance Committee is responsible for ensuring that the mission and strategic direction of the Company is reviewed annually and that the Board and its Committees carry out their functions in accordance with due process. The Governance Committee is also responsible for assessing the effectiveness of the Board as a whole, the Committees of the Board, and the contribution of each individual director. The Committee has the responsibility to address governance issues; and also holds the responsibility for identifying, recruiting, nominating, endorsing, recommending appointment of, and orienting new directors.

MEMBERSHIP

The Board of Directors shall appoint or elect a Governance Committee consisting of at least three unrelated Directors, one of whom shall be the Chairman of the Board. All members may serve any number of consecutive terms in order to ensure some continuity to the committee. In the event of mid-term vacancies, the Board will elect replacement directors to complete the term.

REPORTING

The Committee shall report regularly to the Board of Directors and bring its recommendations to the full Board for their approval.

SPECIFIC RESPONSIBILITIES AND DUTIES

Board Committees
Annually review the Committee structure of the Board, review the terms of reference of all Committees, to ensure that together they meet the needs of the Company; and recommend the addition or deletion of Committees. Develop and implement a process for assessing the effectiveness of the Committees of the Board.

Director Nominations
The Governance Committee shall carry out the nomination process on an annual basis, and specifically shall:

a) Develop criteria which reflect the needs of the Board in recruiting new directors.
b) Meet with, interview and evaluate potential candidates for the position of Director to ensure that:
    (i) the Board is constituted with individuals of diverse background talents and experience;
    (ii) when a vacancy occurs, qualified candidates are available.
c) Request nominations from the membership and place into nomination the names of candidates who are nominated by the members of the Company, in accordance with the Company's by-laws.
d) Provide Committee endorsement of one or more of the nominees for each of the open positions, and communicate its recommendation to the membership in the election process.
e) Review and recommend changes in policy and procedures related to the nomination and election of Directors, subject to the Company's by-laws.

Director Orientation
Develop and implement an orientation program for new Directors.

Assessing Director Performance
Develop and implement a process for assessing, on an annual basis, the effectiveness of the Board of Directors as a whole and the contributions of each individual Director.

Board Governance Issues
Annually review Board Governance issues, including the role and responsibilities for the President and Chief Executive Officer and the Board of Directors.

Board Meetings
Establish procedures for effective Board meetings and otherwise ensure that processes, procedures and structures are in place to ensure that the Board functions independently of Management and without conflicts of interest.

Board Independence
Formulate and administer all procedures required to ensure that the Board functions independently of Management.

Oversight
Ensure that appropriate processes are established by the Board to fulfill its responsibility for: (i) oversight of strategic direction and development and review of ongoing results of operations; (ii) oversight of the Corporation's investor relations and public relations activities and procedures for the effective monitoring of the shareholder base, receipt of shareholder feedback and response to shareholder concerns.

Establish Policies
Review and recommend the adoption of strategic corporate policies such as Disclosure Policies, Insider Trading Policies, and the Corporation's Code of Business Conduct, and other relevant policies associated with ensuring an effective system of corporate governance. Review with counsel the Corporation's compliance with applicable laws and regulations and inquiries received from regulators and governmental agencies. Authorize any waiver of compliance with the Corporation's Code of Business Conduct and oversee the investigation of any alleged breach of that Code by senior officers of the Corporation.

Reporting
Report on corporate governance as required by public disclosure requirements. The Chairperson will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

Experts and Advisors
The Committee may retain or appoint, at the Corporation's expense, and with the approval of the Chair of the Board, such experts and advisors as it deems necessary to carry out its duties. The Committee will oversee the retention or appointment of expert and advisors for the Board and all of its Committees.

Secretary and Minutes
The Secretary of the Corporation, or such other person as may be appointed by the Chairperson of the Committee, will act as Secretary of the Committee. The minutes of the Committee will be in writing and duly entered in the books of the Corporation following review by the Chief Legal Officer of the Corporation. The minutes of the Committee will be circulated to all other members of the Board, redacted as may be determined necessary by the Chairperson to excise any sensitive personnel information not otherwise material to the Board

APPENDIX 3

COMPENSATION COMMITTEE CHARTER

The following is the full text of the Compensation Committee's charter adopted by the Compensation Committee (the "Committee") and the Board of Directors on December 5, 2001 and amended effective March 4, 2008.

MEMBERSHIP

The Committee shall be composed of a minimum of three (3) directors, a majority of whom shall not be officers or employees of the Corporation and who shall be unrelated, independent directors of the Corporation. The members of the Committee shall be appointed or reappointed annually at the time of Board election. Each member of the Committee shall continue to be a member thereof until his successor is appointed, unless he shall resign or be removed by the Board or he shall otherwise cease to be a director of the Corporation. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than three (3) directors as a result of the vacancy. The Board or, in the event of its failure to do so, the members of the Committee, shall appoint a chairman (the "Chairman") from amongst their number who shall not be an officer or employee of the Corporation and who shall be an unrelated independent director of the Corporation. If the Chairman of the Committee is not present at any meeting of the Committee, the Chairman of the meeting shall be chosen by the Committee from among the members present. Resolutions of the Committee shall be carried by the majority of the votes of the members of the Committee present at a meeting. The Chairman presiding at any meeting of the Committee shall have a casting vote in case of deadlock. The Committee shall also appoint a Committee Secretary who need not be a director, officer or employee of the Corporation.

MEETINGS AND MINUTES

The time and place of meetings of the Committee and the procedures at such meetings shall be determined from time to time by the members thereof, provided that:

(a) a quorum for meetings shall be a majority of the members, present in person or by telephone or other telecommunication device that permit all persons participating in the meeting to speak and hear each other;

(b) the Committee shall meet at least semi-annually;

(c) notice of the time and place of and an agenda and related materials respecting every meeting shall be given in writing or facsimile communication to each member of the Committee at least 24 hours prior to the time listed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called; and

(d) the Committee shall at all times have the right to determine who shall and shall not be present at any part of the meeting of the Committee.

All deliberations, recommendations, directions, decisions and resolutions of the Committee shall be recorded by the Committee Secretary in the minutes of the meetings of the Committee. The minutes shall accurately record the decisions reached by the Committee and shall be distributed to Committee members and others that the Committee deems necessary.

SPECIFIC RESPONSIBILITIES AND DUTIES

The Committee shall be charged with the following advisory functions, duties and responsibilities:

1. Review annually and recommend for approval to the Board, the compensation philosophy and remuneration policy for the Corporation.

2. Review annually and recommend for approval to the Board, the compensation arrangements for the officers of the Corporation and their respective performance objectives.

3. Ensure that the President and CEO conduct annually and report to the Board the results of performance appraisals of the officers.

4. Review annually and recommend for approval to the Board grants of stock options to the directors and officers of the Corporation.

5. Review annually the Corporation's employee incentive and benefit plans and review and recommend for approval to the Board any amendments thereto.

6. Review annually and recommend for approval to the Board the executive compensation disclosure of the Corporation in its management information circular.

7. Review annually and recommend for approval to the Board the compensation arrangements for the directors of the Corporation and the Chairman of the Board.

8 Review annually and report to the Board on the adequacy of the Committee's terms of reference.

9. Consult periodically with the Company's Chief Executive Officer and/or President and the appropriate human resources officer, regarding compensation and benefits matters deemed appropriate by the Compensation Committee.

10. Formulate a long-range plan for the retention and development of key executives and senior management for Board review and endorsement.

11. Approve employment contracts, severance agreements, retirement arrangements and other applicable special agreements covering key executives.

12. Review with the CEO annually the performance measures to be used in executive and management incentive plans, and the levels of performance for which incentive compensation is paid.

If, in order to properly discharge its functions, duties and responsibilities, it is necessary, in the opinion of the Committee, that the Committee obtain the advice and counsel of external advisors, the Chairman shall, at the request of the Committee, engage the necessary advisors.