LOGAN INTERNATIONAL INC.
2016 Management's Discussion and Analysis
For the Three Month Period Ended March 31, 2016

Logan International Inc.'s (the "Company" or "Logan International") condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IAS 34 Interim Financial Reporting. The information in this Management's Discussion and Analysis ("MD&A") has been prepared based upon information in those financial statements.

The following table sets forth selected financial information with respect to the Company's consolidated financial condition and results of operations for the periods presented and should be read together with the condensed interim consolidated financial statements and related notes and MD&A that follow. All reported amounts are stated in thousands of U.S. dollars unless otherwise noted.

FINANCIAL HIGHLIGHTS

	Three month periods ended March 31,	
	2016	2015
(thousands of U.S. dollars, except per share amounts)		
Revenue	$ 10,661	$ 25,363
Gross profit	831	9,109
Loss for the period		
Continuing operations	(3,910)	(88)
Discontinued operations [1]	(78)	(1,194)
Net loss for the period	(3,988)	(1,282)
Loss per share from continuing operations		
Basic	$ (0.12)	$ (0.00)
Diluted	$ (0.12)	$ (0.00)
Loss per share from discontinued operations		
Basic	$ (0.00)	$ (0.04)
Diluted	$ (0.00)	$ (0.04)
Weighted average common shares outstanding (000's):		
Basic	33,685	33,599
Diluted	33,685	33,599
EBITDA [2]	$ (2,557)	$ 3,497
Modified EBITDA [2]	$ (2,311)	$ 3,835
	March 31, 2016	December 31, 2015
Working Capital	$ 40,412	$ 43,037
Total Assets	$ 217,633	$ 221,265
Debt [3]	$ 52,792	$ 51,195
Shareholders' Equity	$ 147,209	$ 150,644

(1) See "Logan Completion Systems Inc." on page 4.
(2) Non-IFRS financial measure. See "Management's Discussion and Analysis - Non-IFRS Measurements".
(3) Includes borrowed debt and finance lease liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis has been prepared by management as at May 16, 2016 and is a review of the financial position and operating results for the three month periods ended March 31, 2016 and 2015 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the periods presented, which were prepared in accordance with IFRS. All reported amounts are stated in thousands of U.S. dollars unless otherwise noted.

Forward Looking Statements: This document contains forward-looking statements. These statements relate to future events or future performance of the Company. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, the ability of the Company to generate sufficient cash flows to support its operating plan for 2016, the Company's ability to continue as a going concern, the future recovery of the oil and gas industry, future demand for the Company's products and services, future business prospects, the Company's ability to weather current economic conditions, the ability of the Company to negotiate a resolution of the covenant breach including a possible repayment or refinance of its credit facility, the effect of legal proceedings on the Company's financial position, the sale of Logan Completion Systems, Logan's efforts to sell non-core assets, the effect of new accounting pronouncements and the Company's future capital structure. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect management's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions, including the Company's ability to continue as a going concern. Although management believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Many factors could cause Logan International's actual results, performance or achievements to differ materially from those described in this document, including those contained in Logan International's Annual Information Form for the year ended December 31, 2015, filed on www.sedar.com, which identifies significant risk factors that could cause actual results to differ from those contained in the forward-looking statements. Should one or more risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this document. The forward-looking statements contained in this document are expressly qualified in their entirety by this cautionary statement. These statements speak only as at the date of this document. Logan International does not intend and does not assume any obligation, to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

Presentation Overview: During the fourth quarter of 2015, the Company committed to a plan to sell substantially all of the assets and operations of its Logan Completion Systems ("LCS") business. Accordingly, all of the assets and liabilities that the Company considers to be a part of the disposal group have been separately presented as held for sale at March 31, 2016 and December 31, 2015. In addition, the results of the LCS operations have been presented as discontinued operations for all periods included in the interim condensed consolidated financial statements and in this MD&A. Prior period amounts have been re-presented for comparative purposes. LCS was previously included in the Company's downhole tool segment.

Business Overview: Through its subsidiaries, the Company manufactures and sells a complete line of fishing and intervention tools, including retrieving, stroking and remedial tools and power swivel equipment (Logan Oil Tools, Inc.); designs and manufactures and sells high performance polycrystalline diamond compact ("PDC") cutters and bearings for well workover, intervention, drilling and completion activities (Logan SuperAbrasives, Inc.); provides proprietary products, services and technologies to enhance production in sand-laden oil wells (Scope Production Developments Ltd.); designs, develops, manufactures and sells completion products such as packers, bridge plugs and collar locators (Logan Kline Tools); rents a proprietary tool that improves horizontal drilling effectiveness by reducing well-bore friction (Xtend Energy Services Inc.); and rents stroking tools in North America (Logan Jar, LLC). Other than Xtend Energy Services Inc. and Logan Jar, LLC, all of the Company's operating subsidiaries are included in the Company's downhole tool segment. Xtend Energy Services Inc. and Logan Jar, LLC are included in the Company's rental tool segment.

Downhole Tool Operations

Logan Oil Tools, Inc. (“Logan Oil Tools”)

Logan Oil Tools manufactures and sells fishing tools, stroking tools, remedial tools and power swivel equipment. Fishing tools are used in the retrieval of drill bits, drill pipe, tubing, casing and bottom hole assemblies from a well bore in order to permit drilling operations or production to continue. Stroking tools are used to free pipe that is stuck in a wellbore by delivering an upward or downward impact force. Remedial tools consist of casing patches and cutters that allow for the in-place repair of damaged pipe, thus eliminating the need to remove the casing string from the wellbore. Power swivel equipment is used in workover and drilling applications for improved pipe handling capability and enhanced safety and productivity of the drilling process. Logan Oil Tools sells its products in North America and in established international oil producing locations, including the North Sea, offshore West Africa, Russia, the Middle East, the Far East and Latin America. Logan Oil Tools conducts its manufacturing operations in Houston, Texas and has sales facilities in oil and gas producing areas, enabling the Company to provide localized inventory and service. Its North American locations are: Broussard and Houma, Louisiana; Oklahoma City, Oklahoma; Alice, Houston, Kilgore, and Odessa, Texas; Vernal, Utah; Williston, North Dakota; Williamsport, Pennsylvania; and Edmonton, Alberta. The Company also operates from locations in: Kintore, Scotland; Bogota, Colombia; Dubai, United Arab Emirates; and Singapore.

Logan SuperAbrasives, Inc. (“Logan SuperAbrasives”)

Logan SuperAbrasives designs, manufactures and sells a complete line of specialized super-abrasive products for tooling, including high-performance PDC cutters for oilfield drill bits and PDC and tungsten carbide thrust and radial bearings for downhole drilling motors and production pumps. Logan SuperAbrasives conducts its operations in Houston, Texas. Logan SuperAbrasives was formerly known as Dennis Tool Company.

Logan Kline Tools (“Kline”)

Kline is a leading manufacturer of downhole completion tools. Kline provides a wide range of conventional and unconventional completion equipment for the upstream well completion and workover markets. The product line consists of packers, plugs, tubing anchors, swivels and remedial tools for conventional applications and a multi-stage frac system for unconventional shale wells. Kline conducts manufacturing and sales operations in Tulsa, Oklahoma and maintains a sales and assembly facility in Odessa, Texas. In addition, Kline operates sales offices in Vernal, Utah and Alice, Texas. Logan Kline Tools was formerly known as Kline Oilfield Equipment, Inc.

Scope Production Developments Ltd. (“Scope”)

Scope is a provider of specialized and proprietary downhole tools and services that enhance production in heavy oil wells. Scope’s technologies are optimally suited for wells producing sand-laden heavy oil from unconsolidated sandstone formations. The technologies include tools that limit sand intrusion into the pump intake as well as other tools that aid in cleaning sanded wellbores. Scope mostly conducts its operations in Lloydminster, Alberta and is currently focused on the Canadian market.

Rental Tool Operations

Xtend Energy Services Inc. (“Xtend”)

Xtend rents a proprietary tool (the “Xciter”) that improves drilling effectiveness by reducing well-bore friction. The Xciter is used in the drilling of unconventional horizontal oil and gas wells. The tool’s vibration improves penetration rates during the periods when the drill string is transitioning from vertical to horizontal and during the drilling of the horizontal section of the well. Xtend maintains operating locations in Nisku, Alberta and Houston, Texas.

Logan Jar, LLC (“Logan Jar”)

Logan Jar rents the Sup-R-Jar drilling jar, which is used to deliver a sharp blow to the drill string to free stuck drill pipe, and since the third quarter of 2014, fishing and coil tubing jars, which are used in well workover activities. Logan Jar has operations in: Houston and Alice, Texas; Broussard, Louisiana; and Nisku, Alberta.

Discontinued Operations

Logan Completion Systems Inc. ("Logan Completion Systems")

Logan Completion Systems is a provider of specialized downhole completion equipment and services. Logan Completion Systems provides a wide range of conventional and unconventional completion equipment, as well as well site installation services, to the upstream well completion and workover markets. The product line consists of a wide range of packers, plugs, liner hangers and a proprietary multi-stage hydraulic fracturing ("frac") system for unconventional shale wells. Logan Completion Systems conducts its operations from its service locations in Lloydminster, Bonnyville, and Edmonton, Alberta; Estevan, Saskatchewan; and Longview, Texas.

Non-IFRS Measurements: This MD&A presents: (a) EBITDA as loss from continuing operations before net finance cost, income tax expense (benefit), impairment losses and depreciation and amortization ("EBITDA"), and (b) Modified EBITDA as EBITDA before acquisition accounting adjustments, transaction fees, share-based compensation expense and severance costs ("Modified EBITDA"). Neither of these measurements should be considered an alternative to, or more meaningful than, "net loss from continuing operations for the period" or "cash flow from (used in) operating activities" as determined in accordance with IFRS as an indicator of the Company's financial performance. EBITDA and Modified EBITDA do not have standardized definitions as prescribed by IFRS; therefore, the Company's presentation of these measurements may not conform to similar presentations by other companies. Management calculates EBITDA and Modified EBITDA each period and evaluates the Company's operating performance based on these measurements. Management believes that Modified EBITDA, which eliminates significant non-cash or non-recurring items of revenue or cost, more accurately presents the results of the Company's ongoing operations and its ability to generate the cash required to fund future operations and capital investments. A reconciliation of EBITDA and Modified EBITDA with net loss from continuing operations for each period follows.

(000's)	Three month periods ended March 31, 2016	2015
Net loss from continuing operations for the period	$ (3,910)	$ (88)
Addbacks:		
Depreciation and amortization	2,505	2,538
Finance cost, net	576	1,003
Income tax expense (benefit)	(1,728)	44
EBITDA	(2,557)	3,497
Adjustments:		
Transaction fees	-	5
Severance costs	17	178
Share-based compensation expense	229	155
Modified EBITDA	$ (2,311)	$ 3,835

EBITDA and Modified EBITDA are provided as measures of the Company's operating performance without regard to financing decisions, share-based compensation payments, age and cost of equipment used and income tax impacts, all of which are factors that are not controlled at the operating management level. The transaction fees consist mostly of professional and other fees incurred in connection with merger, acquisition and divestiture activities. Share-based compensation relates to expense recognized from the granting of stock appreciation rights, stock options and restricted share units.

Results of Operations

(000's)	Three month periods ended March 31, 2016	2015
Revenue	$ 10,661	$ 25,363
Cost of goods sold	9,830	16,254
Gross profit	831	9,109
Gross profit margin	*7.8%*	*35.9%*
Administrative expenses	5,910	8,340
Other income	(17)	(190)
Finance cost, net	576	1,003
Total expenses	6,469	9,153
Loss from continuing operations before income taxes	(5,638)	(44)
Income tax expense (benefit)	(1,728)	44
Net loss from continuing operations	(3,910)	(88)
Net loss from discontinued operations	(78)	(1,194)
Net loss for the period	$ (3,988)	$ (1,282)

THREE MONTHS ENDED MARCH 31, 2016 COMPARED WITH THE THREE MONTHS ENDED MARCH 31, 2015

REVENUE

The Company's revenue from continuing operations decreased 58% to $10.7 million for the three month period ended March 31, 2016 from $25.4 million for the three month period ended March 31, 2015. Sales of fishing, intervention and consumable products declined $12.5 million, or 59%; revenues from completion products sales and services decreased $0.9 million, or 46%; and rental revenues fell $1.2 million, representing a 57% decline. Demand for the Company's services is correlated to oil and natural gas prices. The abrupt decline in oil and gas commodity prices over the past 18 months has, in turn, caused a sudden drop in exploration and production activities, contributing to sequential decreases in the Company's revenues for the previous six quarters.

GROSS PROFIT

For the three month period ended March 31, 2016, gross profit was $0.8 million, or 7.8% of revenue, compared with $9.1 million, or 35.9% of revenue, for the three month period ended March 31, 2015. The decrease in gross profit and gross profit margin was directly related to the decrease in revenue. Also contributing to the decline in gross profit margin were higher discounts required to gain business in the current marketplace, the fixed nature of certain costs that are not impacted by sales volumes and greater depreciation expense in the rental product line. The Company implemented cost reduction measures throughout 2015 and continues to look for ways to reduce its costs and expenses; however, the decrease in sales exceeded the Company's ability to maintain stable gross profit margins.

Administrative Expenses

Administrative expenses declined by $2.4 million, 29%, to $5.9 million for the three month period ended March 31, 2016 from $8.3 million for the same period in 2015. Compensation costs declined by $1.5 million due to reductions in staff and the implementation of a mandatory furlough program. Reductions in travel & entertainment, office expenses, contract services and profressional fees accounted for the remainder of the decrease.

Other Income/Expense

The Company recorded other income of $17 thousand for the three month period ended March 31, 2016 as compared with other income of $190 thousand for the corresponding period in 2015. Other income/expense consists of gains and losses from the sale of assets and other miscellaneous items.

Net Finance Cost

The Company recorded net finance costs of $0.6 million for the three month period ended March 31, 2016 and $1.0 million for the comparable period in 2015. Interest expense increased by $0.4 million in the current year period due to increased borrowings as compared to last year's first quarter and to increased rates as provided by the credit agreement amendment. The impact of foreign exchange led to a gain of $0.3 million in 2016 as compared to losses of $0.5 million for the prior-year period due to the increase in value of the Canadian dollar relative to the U.S. dollar.

Income Taxes

Income tax expense is recognized based on management's best estimate of the expected annual income tax rate applied to the pre-tax income from continuing operations for the period. The Group's consolidated effective tax rate was 30.6% for the three month period ended March 31, 2016 and (100.0)% for the three month period ended March 31, 2015. The effective rate decreased in 2016 primarily due to the estimated losses in the Company's U.S. entities, which have higher tax rates than the Canadian entities, exceeding estimated losses in Canada.

Discontinued Operations

During the fourth quarter of 2015, the Company committed to a plan to sell substantially all of the assets and operations of its LCS business unit. Accordingly, the assets and liabilities the Company considered to be a part of the disposal group were separately presented as held for sale as at March 31, 2016 and December 31, 2015. LCS was previously classified in the Company's downhole tool segment. The results of the LCS operations have been classified as discontinued operations for the three months ended March 31, 2016 and 2015. The net loss from discontinued operations for the first quarter of 2016 was $0.1 million compared with a net loss of $1.2 million in 2015. The improvement is primarily the impact of lower administrative expenses due to cost controls and the elimination of depreciation expense, as well as a gain from foreign exchange compared with a loss in the 2015 period. The income tax benefit decreased from 2015 as a result of the reduction in pretax losses.

Results of Operating Segments [1]

(000's)	Three month periods ended March 31, 2016	2015
Downhole Tool Segment		
Revenue		
Fishing, intervention and consumables [2]	$ 8,634	$ 21,166
Completion products and services [3]	1,077	2,003
	9,711	23,169
Costs of goods sold	8,269	14,343
Administrative expenses	3,726	4,988
Other (income) expense	64	(132)
Earnings (loss) from operations	$ (2,348)	$ 3,970
Rental Tool Segment		
Revenue	$ 950	$ 2,194
Costs of goods sold	1,561	1,911
Administrative expenses	637	888
Other income	(81)	(58)
Loss from operations	$ (1,167)	$ (547)
Corporate administrative expenses	$ 1,547	$ 2,464
Loss from operations	$ (1,547)	$ (2,464)

(1) Excludes Logan Completion Systems - see "Discontinued Operations".

(2) This product line includes Logan Oil Tools and Logan SuperAbrasives.

(3) This product line includes Kline and Scope.

SEGMENTED ENTITY REVIEW FOR THE THREE MONTHS ENDED MARCH 31, 2016 COMPARED WITH THE THREE MONTHS ENDED MARCH 31, 2015

DOWNHOLE TOOL REVENUE

Revenue for the downhole tool segment decreased by $13.5 million to $9.7 million for the three month period ended March 31, 2016 from $23.2 million for the corresponding period in 2015. Revenues from sales of fishing, intervention and consumable products declined $12.5 million, or 59%, and revenues from completion products and services decreased $0.9 million, or 46%, as compared to the three month period ended March 31, 2015. These decreases are directly attributed to the decrease in drilling and workover activity that resulted from the freefall in oil and natural gas prices. The commodity price decline led to reductions in the number of working rigs, which in turn led to substantially lower overall demand from the Company's customers.

DOWNHOLE TOOL OPERATING EARNINGS (LOSS)

Operating earnings for the downhole tool segment decreased to a loss of $2.3 million in this year's first quarter from earnings of $4.0 million in the first quarter of 2015, or by $6.3 million. The gross profit decreased by $7.4 million and was directly related to the revenue decline. The downhole tool segment reduced administrative expenses by $1.3 million mostly by reducing compensation expenses through staff reductions and the implementation of a mandatory furlough program.

RENTAL TOOL REVENUE

Revenue for the rental tool segment decreased to $1.0 million during the three months ended March 31, 2016 from $2.2 million for the same period in 2015. Revenue decreased in both Canada and the U.S. as lower drilling activity levels continued into 2016, exacerbated by the early onset of the Spring break-up in Canada. Compared with the same quarter of 2015, revenues from each product line decreased; however, sequential revenues for the Sup-R-Jar product line improved compared with the fourth quarter of 2015.

RENTAL TOOL OPERATING LOSS

The rental tool segment reported an operating loss of $1.2 million for the quarter ended March 31, 2016 compared with a loss of $0.5 million for the same period in 2015. The decrease was due to the 57% decrease in revenue, which also caused a decrease in operating earnings margin, as the majority of the rental tool segment's costs are fixed.

CORPORATE ADMINISTRATIVE EXPENSES

Corporate administrative expenses decreased to $1.5 million in the first three months of 2016 from $2.5 million in the same period of 2015. Compensation costs decreased $0.5 million due to reductions in staff.

SUMMARY OF QUARTERLY RESULTS

(000's, except per share amounts)

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenue	$ 10,661	$ 14,105	$ 18,570	$ 19,656	$ 25,364	$ 33,339	$ 39,930	$ 39,081
Net earnings (loss) for the period								
Continuing operations	(3,910)	(9,918)	(2,066)	(869)	(87)	(8,043)	4,199	4,278
Net earnings (loss) for the period	(3,988)	(19,484)	(10,625)	(1,958)	(1,282)	(9,523)	4,074	2,759
EBITDA *	(2,557)	(419)	1,089	2,300	3,497	6,655	10,292	9,391
Modified EBITDA *	(2,311)	(132)	1,459	2,690	3,835	6,428	10,764	9,842
Earnings (loss) per share from continuing operations:								
Basic	$ (0.12)	$ (0.29)	$ (0.06)	$ (0.03)	$ (0.00)	$ (0.24)	$ 0.13	$ 0.13
Diluted	$ (0.12)	$ (0.29)	$ (0.06)	$ (0.03)	$ (0.00)	$ (0.24)	$ 0.12	$ 0.13
Earnings (loss) per share for the period:								
Basic	$ (0.12)	$ (0.58)	$ (0.32)	$ (0.06)	$ (0.04)	$ (0.28)	$ 0.12	$ 0.08
Diluted	$ (0.12)	$ (0.58)	$ (0.32)	$ (0.06)	$ (0.04)	$ (0.28)	$ 0.12	$ 0.08
Weighted average number of shares outstanding:								
Basic	33,685	33,685	33,672	33,616	33,599	33,479	33,594	33,551
Diluted	33,685	33,685	33,672	33,616	33,599	33,479	34,063	33,933

* - Non-IFRS financial measure. See "Management's Discussion and Analysis - Non-IFRS Measurements".

SIGNIFICANT ITEMS AFFECTING THE COMPARABILITY OF QUARTERLY RESULTS

Seasonality

The Company's Canadian operations are seasonal because the ability to transport oilfield drilling and service equipment is affected by weather conditions. These operations are generally strongest in the first quarter when the ground is frozen, enabling field personnel and equipment easy access to project sites. Operations are usually weakest in the second quarter because, as the ground thaws, access to public roads is restricted by governmental agencies and access to well sites is hampered due to the instability of the ground.

In addition to seasonality, the comparability of quarterly results was affected by the following events:

2015

- Operating results were adversely affected in each quarter of 2015 due to a significant reduction in the number of oil and gas rigs operating as compared with 2014. The average number of rigs operating in North America during 2015 was approximately 50% of the number operating in the comparable quarter of 2014.

- During the third quarter of 2015, the Company completed the closure of four operating locations in its LCS cash generating unit ("CGU") and recognized an impairment loss of $8.9 million related to inventory and goodwill. The impairment loss related to Logan Completion Systems is shown as discontinued operations in the consolidated financial statements.

- During the fourth quarter of 2015, the Company recognized an impairment loss on goodwill of $6.5 million in its Xtend Energy Services CGU.

- During the fourth quarter of 2015, the Company recognized an impairment loss of $10.0 million related to the assets and liabilities held for sale in its LCS CGU because the book value of the assets and liabilities exceeded the fair value less costs of disposal. The assets and liabilities are shown as held for sale and the operating results of LCS are shown as discontinued operations in the consolidated financial statements.

2014

- During the fourth quarter of 2014, the Company recognized an impairment loss on goodwill of $10.6 million in its Xtend Energy Services CGU.

LIQUIDITY AND CAPITAL RESOURCES

For the three month period ended March 31, 2016, $0.3 million of cash was provided by operating activities, compared with $1.8 million used for operations for the same period in 2015. Cash provided by financing activities for the three month period ended March 31, 2016 was $0.4 million, compared with $5.1 million in the corresponding period of 2015. Cash used for investing activities was $0.2 million for the three month period ended March 31, 2016 versus cash used of $2.4 million for the corresponding period in 2015. The Company believes that it is generating sufficient cash flow to support its operating plan for 2016, subject to the potential consequences of the breach in the 2015 Amended Credit Agreement (as defined below) or the Company's inability to refinance the borrowings under that agreement on or prior to its maturity. See Capital Structure below.

Operating Cash Flows

The $2.1 million increase in operating cash flows was primarily the result of an increase in cash generated from working capital and lower income tax payments, partially offset by the decrease in earnings from continuing operations before taxes. Working capital changes from the reduction in inventories and receivables provided cash of $3.8 million in 2016 compared with cash used of $3.8 million during the three month period ended March 31, 2015. Cash payments for income taxes during the three months ended March 31, 2016 were $0.2 million, compared with payments of $0.8 million in the same period of 2015. These positive cash flow changes were partially offset by a $5.6 million decrease in earnings from continuing operations before taxes and higher cash interest payments of $0.2 million compared with the prior-year period.

Financing Cash Flows

Cash from financing activities was $0.4 million for the three months ended March 31, 2016 compared with cash provided of $5.1 million in the comparable 2015 period. The $4.7 million decrease was due to $4.7 million of lower draws on the revolving credit agreement in the current year period due to lower cash requirements from operating and investing activities.

Investing Cash Flows

Cash used in investing activities was $0.2 million in the first three months of 2016, compared with cash used of $2.4 million in the corresponding period in 2015. During 2016, spending on capital equipment and software was $0.2 million, compared with $2.5 million in 2015. Proceeds from asset sales during the first quarter of 2016 decreased by $0.1 million from 2015.

Working Capital

As at March 31, 2016, the Company's working capital decreased by $2.6 million to $40.4 million from $43.0 million as at December 31, 2015. The decrease in working capital was the net effect of: (a) a $2.0 million decrease in inventory, a $2.8 million decrease in trade receivables, a $0.3 million decrease in prepaid expenses and a $1.7 million increase in the current portion of loans and borrowings, and (b) a $1.6 million increase in income tax receivable, a $1.5 million decrease in trade payables and accrued expenses and a $0.4 net increase in assets and liabilities held for sale. The overall slowdown in the Company's activities was the primary reason for the decreases in trade receivables, inventories and trade payables and accrued expenses. Income tax receivables increased due to reductions in the Company's taxable income. The net change in assets and liabilities held for sale was due to foreign translation since most of these assets and liabilities are denominated in Canadian dollars.

Property, Plant and Equipment

Net property, plant and equipment decreased to $40.7 million as at March 31, 2016 from $42.4 million as at December 31, 2015. The decrease was primarily the result of depreciation expense of $1.9 million. The net effect of other items, including capital expenditures, equipment disposals and foreign exchange fluctuations were minor and netted to an increase of $0.2 million. The current year capital expenditures were, for the most part, the completion of projects that were started in 2015. The Company is spending only on emergency replacement capital items.

Capital Structure

The Company considers all bank and other borrowed debt, finance lease liabilities and shareholders' equity as capital. The Company's objective with the management of its capital is to maximize the profitability of its investments in assets and enhance returns to its shareholders. This objective is achieved by prudent management of the capital provided by operations, by optimizing the use of lower-cost capital and by raising equity capital, when appropriate, to fund growth initiatives and a conservative approach to safeguarding its financial condition.

The use of debt financing is based upon the Company's preferred capital structure, which is determined by considering industry norms, risks associated with its business activities and covenants contained in its bank credit agreement. In December 2015, the Company and its wholly owned subsidiary, Logan Holdings, entered into an omnibus amended credit agreement (the "2015 Amended Credit Agreement"). The 2015 Amended Credit Agreement provides for a U.S.-based revolving credit facility of up to $40 million and a Canadian-based credit facility of up to $20 million. Both credit facilities mature in December 2016. The borrowing base under the credit facilities is defined as 85% of the Company's eligible equipment, 80% of the Company's eligible receivables, 55% of Company's eligible finished goods inventory, and 25% of the Company's remaining eligible inventory.

Borrowings under the Canadian-based revolving credit facility are available in Canadian funds and bear interest at the Canadian prime lending rate plus a defined margin of 3.50% or at the Eurocurrency rate plus a defined margin of 4.50%. Borrowings under the U.S.-based revolving credit facility are available in U.S. funds and, at the Company's election, bear interest at the U.S. base rate plus a defined margin of 3.50% or at the Eurocurrency rate plus a defined margin of 4.50%. The Company is obligated to pay a fee of 0.75% on the unborrowed commitment, which is paid at the end of each quarter and is included in interest expense. The 2015 Amended Credit Facility is collateralized by the assignment of security agreements covering substantially all of the Company's and its subsidiaries' North American assets.

All outstanding borrowings are due under the 2015 Amended Credit Agreement when the facility matures on December 23, 2016. Failure by the Company to comply with certain covenants contained in the 2015 Amended Credit Agreement will constitute an event of default, which could result in the requirement that all outstanding obligations thereunder become immediately payable and, in addition, allow the lenders to foreclose on the assets of the Company and its subsidiaries. Such default and enforcement would have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. See "Financial Instruments and Risk Management – Liquidity Risk".

Under the Company's credit agreement, the Company is required to maintain an interest coverage ratio equal to at least 1.25:1, 1.5:1 and 2.0:1 for the quarters ended December 31, 2015, March 31, 2016 and June 30, 2016 (and thereafter), respectively. The interest coverage ratio measures the Company's earnings before interest, tax, depreciation and amortization, other non-cash items and certain acquisition costs ("EBITDA") to its interest expense.

For the quarter ended March 31, 2016, the Company's EBITDA, as defined in the credit agreement, was a loss of $2.3 million, which resulted in a negative interest coverage ratio and created a breach of this financial covenant. The breach is considered an event of default. The lenders have granted a temporary waiver of this breach until June 12, 2016 (the "Waiver"). During the temporary waiver period, the Company will continue to negotiate a permanent resolution with its lenders, which the Company expects will require inclusion in the credit agreement of covenants regarding the repayment or refinancing of existing borrowings. Among other things, the Waiver limits additional borrowings to $750 thousand during the temporary waiver period.

The condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will continue normal operations for the foreseeable future. The credit agreement matures in December 2016. If an acceptable resolution cannot be reached, the lenders could take certain actions, including terminating revolving commitments and declaring all outstanding borrowings to be due and payable. The Company is dependent on the availability of credit as provided by this facility. As a result of the uncertainty associated with the Company's ability to fund its debt obligation, there is substantial doubt regarding the Company's ability to continue as a going concern.

As at March 31, 2016, borrowings under the Canadian revolving credit facility and U.S. revolving credit facility were $16.5 million and $36.2 million, respectively. In addition, there were outstanding letters of credit of $9 thousand under the U.S. facility. Giving effect to the borrowing-base limitations in the 2015 Amended Credit Agreement, borrowing availability as at March 31, 2016 was $nil and $2.7 million under the Canadian-based and the U.S.-based credit facility, respectively, subject to the limitations imposed by the Waiver above.

COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Company's future obligations consist of operating leases, finance leases, bank debt and other notes payable.

As at March 31, 2016, the Company's contractual maturities relating to future obligations are $55.9 million in 2016, $3.5 million in 2017, $2.9 million in 2018, $2.4 million in 2019, $2.3 million in 2020 and $10.3 million thereafter.

The Company is from time to time a party to lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damages, punitive damages, civil penalties, or injunctive or declaratory relief. The Company records reserves for claims when it is probable that a liability has been incurred and the amount of the ultimate loss can be reasonably estimated. None of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on the Company's financial position, results of operations or cash flows. The Company maintains insurance coverage considered appropriate by management for matters for which insurance coverage can be maintained.

SHAREHOLDERS' EQUITY

Shareholders' equity decreased to $147.2 million as at March 31, 2016 from $150.6 million as at December 31, 2015 primarily due to the Company's net loss of $4.0 million. Foreign currency translation from foreign operations of $0.3 million during the period ended March 31, 2016 and $0.2 million of adjustments related to share-based compensation provided a small offset to the net loss.

As at May 16, 2016, the number of issued and outstanding common shares was 33,685,386. As at May 16, 2016, there were outstanding options to purchase 1,596,110 common shares of the Company with exercise prices ranging from $2.75 to $7.05 (CDN) and 274,137 unvested restricted share units.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2016, the Company is not a party to any off-balance sheet arrangements other than operating leases for warehouses, office facilities and equipment, which provide for terms of three to fifteen years and, in certain cases, renewal options.

RELATED PARTY TRANSACTIONS

The Company recorded sales of $0.1 million during the three month period ended March 31, 2016 and $0.3 million during the same period in 2015 to an entity controlled by a significant shareholder of the Company. In addition, the Company was owed $0.1 million and $0.2 million by this entity as at March 31, 2016 and December 31, 2015, respectively. The terms of these sales were similar to those charged to unrelated customers. No ongoing commitments resulted from these transactions.

BUSINESS RISKS

The Company is subject to the risks inherent in the oilfield services industry. Customer demand for the Company's products and services depends on the exploration, development and production activities of energy companies, which are, in turn, affected by oil and natural gas prices, weather, legislation, exchange rates, the health of domestic and world economies, fuel surpluses or shortages, substitution of alternative energy sources, changes in taxation or regulatory regimes and international political risks such as war, civil unrest, nationalization and expropriation or confiscation. Oil prices are influenced by global supply and demand and by the supply management practices of the Organization of the Petroleum Exporting Countries ("OPEC"), and natural gas prices are influenced by North American supply and demand and, to a lesser extent, by the price of competing fuels. Management mitigates competitive risks by focusing its efforts in areas where the Company has technical and operational advantages and by employing highly competent professional staff. Environmental standards and regulations are becoming more stringent in the industry, particularly affecting the Company's completion services. Business risks are also mitigated by establishing strategic alliances with reputable partners, developing new technologies and methodologies, as well as investigating new business opportunities. Failure of the Company's products could result in a customer claim or could harm the Company's reputation.

OUTLOOK

Forward looking information:

We entered this year expecting industry activity in 2016 would be comparable to 2015. Since the beginning of the year, there has been continued and widespread decline in activity throughout the industry. Exploration and production budgets have been slashed due to the scarcity of outside investment resources and diminishing cash flow. As a result, all industry participants are forced to continuously monitor and adjust capital and operating costs, causing layoffs and other dramatic cost containment measures. Logan has been no exception.

Our first quarter operating results were consistent with the industry. This year's quarterly revenues from continuing operations trailed last year's by almost 60%. Each of our businesses suffered during the quarter, even Logan Oil Tools experienced a 60% drop in sales and recorded its first ever quarterly EBITDA loss. Our businesses that are more closely correlated to drilling and completion segment of the industry were down even further. As a result, we breached a financial covenant in the credit agreement. We have obtained a temporary waiver from our lenders until June 12, 2016 and expect to negotiate a permanent resolution during this period.

While we are encouraged by the recent increase in commodity prices, we have not experienced a meaningful recovery in customer order activity. Furthermore, we expect the depressed industry conditions to persist throughout the remainder of 2016. In the meantime, we will pursue the disposition of noncore assets and the restructuring of our debt.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") as defined under National Instrument 52-109. As at March 31, 2016, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with the Company's management, have evaluated the design of the disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Reports ("NI 52-109"), adopted by the Canadian Securities Administrators) to provide reasonable assurance that: (i) material information relating to the Company is made known to them by others within those entities, particularly during the period in which the annual and interim filings are being prepared; and (ii) material information required to be disclosed in the annual and interim filings is recorded, processed, summarized and reported on a timely basis. In conformance with NI 52-109, the Company has filed certificates signed by the CEO and the CFO that deal with matters of disclosure controls and procedures and have concluded that the design of these disclosure controls and procedures provides reasonable assurance that material information required to be disclosed by the Company in reports filed with Canadian securities regulators is accurate and complete and filed within the periods required.

Internal Controls over Financial Reporting

The CEO and CFO are responsible for designing internal control procedures over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. The CEO and the CFO have concluded that there were no significant changes in the Company's internal control environment during the three month period ended March 31, 2016 and that the design of the Company's internal controls over financial reporting, based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Framework (2013), was effective at March 31, 2016. Because of their inherent limitations, disclosure controls and procedures and internal controls over financial reporting may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires the use of certain critical accounting judgments, estimates, and assumptions. The carrying amount of assets, liabilities, accruals, and other financial obligations, as well as the determination of fair values, contingent liabilities, reported income and expense in these consolidated financial statements depends on the use of these judgments, estimates and assumptions. In the process of applying the Company's accounting policies, management takes into consideration existing circumstances and estimates at the date of the consolidated financial statements, which affects the reported amounts of income and expenses during the reporting periods. Given the uncertainty inherent in estimating these factors, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. There have been no significant changes to the Company's accounting policies since the issuance of the Company's most recent Consolidated Annual Financial Statements.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements, as well as having an effect on both of the Company's reportable segments:

Cash generating units
In performing impairment assessments of long-lived assets, assets that cannot be assessed individually are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Judgment is required in identifying these cash generating units and they are based on how financial information is gathered and organized for review internally by management. The cash generating units that were identified by management were disclosed in the Company's most recent Consolidated Annual Financial Statements.

Deferred income taxes
The calculation of current and deferred income taxes requires management to make certain judgments regarding the tax rules in jurisdictions where the Company performs activities. Application of judgments is required regarding classification of transactions and in assessing probable outcomes of claimed deductions including expectations about future operating results, the timing and reversal of temporary differences and possible audits of income tax and other tax filings to the tax authorities.

Business acquisitions
Business acquisitions are accounted for using the acquisition method. Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case by case basis. If the acquisition meets the definition of a business combination, the assets and liabilities are recognized based on the contractual terms, economic conditions, the Company's operating and accounting policies, and other factors existing as at the acquisition date.

Discontinued Operations
Classification of a disposal group's assets and liabilities as held for sale occurs when certain criteria are met. Classification of operating results as discontinued operations occurs upon disposal or when the

operation meets the criteria to be classified as held for sale, if earlier. Determining when the held for sale criteria are met, which operations relate to the disposal group and fair value of the disposal group less costs of disposal require judgment on a case by case basis. If the disposal group meets the held for sale criteria, all assets and liabilities of the classified as current at fair value less costs of disposal and the operating results of the disposal group are excluded from earnings and cash flows from continuing operations.

The following are key estimates and assumptions made by management affecting the measurement of balances and transactions in the Company's financial statements, as well as having an effect on both of the Company's reportable segments:

Recoverability of indefinite-lived intangible assets
The Company assesses the carrying values of goodwill and other indefinite-lived intangible assets annually, or more frequently if warranted by a change in circumstances. If it is determined that the carrying value of an indefinite-lived intangible asset or goodwill cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumptions and estimates regarding future sales, costs of production, sustaining capital requirements and tax rates. A material change in assumptions may significantly impact the potential impairment of these assets. In addition, assumptions used in the calculation of recoverable amounts are discount rates, future cash flows and profit margins.

Valuation of assets and liabilities acquired in a business combination
Acquired assets, assumed liabilities (other than deferred taxes) and contingent consideration are recognized at fair value on the date the Company effectively obtains control. The measurement of each business combination is based on the information available at the acquisition date. The determination of fair value of the acquired intangible assets, including goodwill, property, plant and equipment and other assets and the liabilities assumed at the date of acquisition, as well as the useful lives of the acquired intangible assets and property, plant and equipment, is largely based on projected cash flows, discount rates and market conditions existing at the date of acquisition.

Debt covenant compliance forecasting
In its assessment of whether the Company will continue operating as a going concern, management estimates future cash flows to determine if a breach of a covenant contained in the Company's 2015 Amended Credit Agreement is likely to occur. Future cash flows are estimated based on the expected market conditions, historical information and changes from contemplated business acquisitions or disposals. A material change in assumptions may significantly impact the results of this estimate.

NEW ACCOUNTING STANDARDS

No amendments to existing standards or new accounting standards, as issued by the International Accounting Standards Board ("IASB"), were adopted by the Company effective January 1, 2016. A number of new standards and amendments to standards are not yet effective for the period ended March 31, 2016 and have not been applied in preparing the condensed interim consolidated financial statements. These new standards include:

IFRS 9
In November 2009, IFRS 9 *Financial Instruments* was published, covering the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and a single impairment method replacing the multiple rules in IAS 39. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. The new requirements are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The adoption of IFRS 9 is not expected to have a material impact on the Company's consolidated financial statements.

IFRS 15
In May 2014, the International Accounting Standards Board issued IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"). The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or

after January 1, 2018, and is to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

IFRS 16
In January 2016, the International Accounting Standards Board issued IFRS 16, "Leases" ("IFRS 16"). The new standard eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and may be applied either retrospectively or by recognizing the cumulative effect of IFRS 16 in the year of adoption. Early adoption is permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit Risk

Credit risk refers to the risk of loss that a counterparty will fail to meet its contractual obligations. Credit risk arises from the Company's trade receivables balances, which are owed by entities in the energy exploration and production industry or by companies that provide services to this industry. The Company assesses the credit-worthiness of its customers, as well as monitors the age and balances outstanding on an ongoing basis. Payment terms with most customers are 30 days from invoice date, however industry practice can extend these terms. As at and for the three month period ended March 31, 2016, one customer accounted for 18.0% of total receivables and a second customer accounted for 13.1% of total revenue. Approximately $8.0 million of trade receivables as at March 31, 2016 and $7.6 million as at December 31, 2015 were more than 90 days past due and the Company recorded an allowance for doubtful accounts of $356 thousand and $345 thousand, as at March 31, 2016 and December 31, 2015, respectively. The Company sells and delivers tools and products to remote international locations. Since customers defer payment until the product is received, international accounts are seldom settled within normal domestic payment periods. Historically, the Company has not recorded material losses of accounts receivable because the majority of its sales are to large, financially strong international companies.

The Company maintains cash balances in excess of the insured limits at certain financial institutions. Management believes that the Company's exposure to uninsured cash balances is mitigated by minimizing account balances at small financial institutions.

Interest Rate Risk

Since the Company's credit borrowings bear interest at a floating rate, the Company is exposed to changes in interest rates. The Company prepared a sensitivity analysis and determined that a change of 1% in the interest rate would result in a change in net income of approximately $92 thousand for the three month period ended March 31, 2016 and $93 thousand for the three month period ended March 31, 2015.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk through its budgeting and monitoring process to ensure it has sufficient cash and credit facilities to meet its obligations.

For the quarter ended March 31, 2016, the Company's EBITDA, as defined in the 2015 Amended Credit Agreement, was a loss of $2.3 million, which resulted in a breach of the interest coverage ratio covenant. The breach is considered an event of default. The lenders have granted a temporary waiver until June 12, 2016 (the "Waiver"). During the temporary waiver period, the Company will continue to negotiate a permanent resolution with its lenders, which the Company expects will include covenants for repayment or refinancing of existing borrowings. Among other things, the Waiver limits additional borrowings to $750 thousand during the temporary waiver period. The credit agreement matures in December 2016.

If an acceptable resolution cannot be reached, the lenders could take certain actions, including terminating revolving commitments and declaring all outstanding borrowings to be due and payable. Any disruption in the Company's liquidity due to its inability to fund its debt obligations, or the potential consequences from the existing or any future breaches, gives rise to a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Foreign Currency Risk

The Company's Canadian operations purchase certain products in U.S. dollars. As a result, fluctuations in the value of the Canadian dollar relative to the U.S. dollar can result in foreign exchange gains and losses. The Company does not currently have any agreements to fix or hedge the exchange rate of the Canadian dollar to the U.S. dollar, as the amounts exposed to foreign currency are primarily intercompany loans and payables between subsidiaries of the Company.

ADDITIONAL INFORMATION

Additional information regarding the Company, including the Annual Information Form of the Company, may be found on the Company's SEDAR profile at www.sedar.com.

CORPORATE INFORMATION

Directors

Paul McDermott, Chairman
Director and Managing Partner, Cadent Energy Partners, LLC
Houston, Texas

David Barr
Director and Independent Businessman
Houston, Texas

Jamie Biluk
Director and Independent Businessman
Calgary, Alberta

Ian Bruce
Director and Independent Businessman
Calgary, Alberta

David Coppé
Director and Chief Executive Officer, Probe Holdings, Inc.
Ft. Worth, Texas

David Kennedy
Director and Independent Businessman
Bluffton, South Carolina

David MacNeill
Director, President and Chief Executive Officer of the Company
Houston, Texas

Officers

David MacNeill
President and Chief Executive Officer

Lawrence Keister
Vice President, Chief Financial Officer and Corporate Secretary

Lori Robertson
Vice President – Human Resources

Michael Rhoden
Chief Accounting Officer

Corporate Headquarters

Logan International Inc.
850 635 – 8th Avenue SW
Calgary, Alberta T2P 3M3
Telephone: (403) 930-6810
Fax: (403) 930-6811
E-Mail: logan@loganinternationalinc.com
Website: www.loganinternationalinc.com

Auditors

KPMG LLP
Calgary, Alberta

Bankers

Wells Fargo, N.A.
Houston, Texas

HSBC
Calgary, Alberta

Legal Counsel

Norton Rose Fulbright Canada LLP
Calgary, Alberta

Squire Patton Boggs LLP
New York, New York

Registrar and Transfer Agent

Inquiries regarding change of address, registered shareholdings, stock transfers or lost certificates should be directed to:

Computershare
600, 530 – 8th Avenue SW, 6th Floor
Calgary, Alberta T2P 3S8
Attention: Stock Transfer Department
Telephone (800) 564-6253

Stock Exchange Listing

Toronto Stock Exchange
Symbol: LII

Investor Contact

Lawrence Keister
Chief Financial Officer
Telephone: (832) 386-2500
larry.keister@loganinternationalinc.com