Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of financial condition and results of operations of Tornado Global Hydrovacs Ltd. ("TGHL" or the "Company") is supplemental to, and should be read in conjunction with the Company's interim unaudited condensed consolidated financial statements and related notes as at March 31, 2018 and for the three months ended March 31, 2018 and 2017, and the audited consolidated financial statements and notes for the year ended December 31, 2017.

The interim unaudited condensed consolidated financial statements and accompanying notes of TGHL for the period ended March 31, 2018 have been prepared in conformity with International Financial Reporting Standards ("IFRS"): International Accounting Standard 34.

The interim unaudited condensed consolidated financial statements have been prepared by management and approved by TGHL's Board of Directors. These statements require management to make estimates and assumptions that affect amounts reported and disclosed in such financial statements and related notes. Actual results may differ materially. See "Cautionary Statement regarding Forward-Looking Information".

All amounts are reported in Canadian dollars unless specifically stated to the contrary.

This MD&A contains forward-looking information and statements. At the end of this MD&A is an advisory on forward-looking information and statements.

Additional information on TGHL is available through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Disclosure contained in this document is current to May 22, 2018, unless otherwise stated.

Non-IFRS Methods

In this MD&A, the Company uses three financial management metrics that are not in accordance with IFRS namely "earnings (loss) before interest, tax, depreciation and amortization and stock-based compensation "(EBITDAS)", "Gross Margin" and "(EBIT)". Because these terms are not defined by IFRS they cannot be formally presented in the interim unaudited condensed consolidated financial statements. The definition of EBITDAS does not take into account gains and losses on the disposal of assets, fair value changes in foreign currency forward contracts and non-cash components of stock-based compensation. EBIT is the result of the Company's EBITDAS less depreciation and amortization expenses, gains and losses on the disposal of assets and stock-based compensation. The Gross Margin metric is the result of revenues less cost of sales, excluding depreciation of property, plant and equipment. It should be noted that the Company's definition of EBITDAS, EBIT and Gross Margin may differ from those definitions used by other companies.

While not IFRS measures, EBITDAS, EBIT and Gross Margin are used by management, creditors, analysts, investors and other financial stakeholders to assess the Company's performance and management from a financial and operational perspective.

Business Description

TGHL designs, manufactures and sells hydrovac trucks for excavation service providers to the oil and gas industry and the municipal market. It operates through a leased production facility in Stettler, AB and a sales office located in Calgary, Alberta. TGHL is also in the early stages of commencing similar operations in China and has established an office in Beijing, China.

TGHL maintains its head office in Calgary, Alberta.

First Quarter 2018 Overview

- Revenue of $4,831 decreased 19.3% compared to $5,989 in Q1/2017. The decrease in revenue was due to a delay in completion and delivery of hydrovac trucks during the quarter. Three completed trucks held in inventory as at March 31, 2018 were delivered and sold in early Q2 2018.

- Despite the decreased revenue, Gross Profit of $888 was comparable to $897 in the same period of 2017 due to production efficiencies at the company's Stettler plant.

- EBITDAS of negative $356, comprising North America ($96), China (negative $287) and Corporate (negative $165), decreased by $280 compared to negative $76 in Q1/2017, due to increased selling, general and administrative expenses in North America and China. For the North America segment, EDITDAS during the quarter of $96 decreased compared to Q4 2017, due to decreased activity levels. For China, negative EDITDA during the quarter was ($287) and is expected to stay at this level until there is an increase in the scope of operations.

- Net loss of $635 increased by $313 compared to a loss of $322 in Q1/2017. This is due to the factors discussed above, together with stock-based compensation expense of $68.

Unless otherwise provided herein, the Company's interim financial condition, and associated economic and industry factors, are substantially unchanged from the disclosure provided in the Company's MD&A for the fiscal year end dated December 31, 2017. For a complete discussion on these items, please refer to the Company's MD&A for the fiscal year end dated December 31, 2017 which can be found at www.sedar.com.

Amounts reported in thousands ($000's CAD) except per share amounts

Selected Financial Information

	Three Months ended March 31	
	2018	2017
Revenue	**$ 4,831**	$ 5,989
Cost of sales	**3,943**	5,092
Gross Profit	**888**	897
Selling and general administrative expenses	**1,244**	973
Depreciation of property and equipment	**130**	116
Depreciation of inventory	**2**	17
Amortization of intangible assets	**124**	123
Loss on disposal of fixed assets	**4**	-
Stock-based compensation	**68**	-
Finance income	**(31)**	(13)
Finance costs	**22**	30
Change in fair value of derivative financial instruments	**4**	(27)
Loss before tax	**(679)**	(322)
Income tax recovery	**44**	-
Net loss	**$ (635)**	$ (322)
Comprehensive loss	**$ (347)**	$ (318)
Net loss per share - basic and diluted	**$ -**	$ (0.01)
Total non-current financial liabilities	**$ 545**	$ 2,475
Total assets	**$ 23,049**	$ 19,014

Segmented Information

Three Months ended March 31, 2018	North America	China	Corporate	Total
Revenue	$ 4,831	$ -	$ -	$ 4,831
Cost of sales	3,943	-	-	3,943
Selling and general administrative	792	287	165	1,244
	96	(287)	(165)	(356)
Depreciation and amortization	130	2	124	256
Loss on disposal of assets	4	-	-	4
(Loss) before other items of income	$ (38)	$ (289)	$ (289)	$ (616)

Amounts reported in thousands ($000's CAD) except per share amounts

Operating Results

	Three Months ended March 31			
		2018		2017
Revenues	**$**	**4,831**	$	5,989
Gross margin		**888**		897
Gross margin %		**18.4%**		15.0%
EBITDAS		**(356)**		(76)
EBITDAS %		**-7.4%**		-1.3%
EBIT		**(684)**		(332)
EBIT %		**-14.2%**		-5.5%
Net loss	**$**	**(635)**	$	(322)

Outlook

In addition to other sections of the Company's report, this section contains forward-looking information and actual outcomes may differ materially from those expressed or implied therein. For more information, see the section titled "Forward- Looking Information" in this MD&A.

In North America, the market demand from the municipal sector in both Canada and United States is expected to remain strong. Management believes that the Company is positioned for improved performance in North America in 2018 for the following reasons:

- The indications of increased spending in infrastructure from both the Canadian and United States (the "US") governments and increased spending as a result of pipeline approvals are expected to further increase the market demand of hydrovac trucks.
- The Company introduced a newly designed hydrovac truck this year with a lighter weight and more debris capacity. This newly designed truck has compelling advantages over hydrovac trucks currently offered in the market.
- The Company has entered into an exclusive partnership with a strategic partner in the US.
- The Company will use its resources in China to source qualified materials and parts to reduce production costs.
- The weak Canadian dollar will continue to positively impact profit margins because more than half of the Company's hydrovac trucks are sold in US dollars while manufactured in Canada.

In China, the Company continues to develop this significant market. The Company continues its strategy to manufacture and sell its industry leading, patents pending, hydrovac truck and equipment and leveraging its unique and proprietary Chinese hydrovac truck design by deploying a sales and service strategy customized to the Chinese excavation and utilities markets. The Company has carefully studied the Chinese hydrovac market opportunity and determined that its hydrovac design and features are not present. The Company believes there is an untapped market opportunity in China, which is one of the largest excavation markets in the world. The China office is staffed with local market experts in procurement and Chinese supply chain management, who are being trained and mentored by the Company's hydrovac excavation experts. By the end of Q2 2018, the Company expects to have four unique products for demonstration and marketing purposes. The business plan for China includes exporting selected commercial parts from its Chinese supply chain at a lower cost back to Canada to improve the profitability and competitiveness of its North American manufactured hydrovac truck.

With the increasing demand in North America and expansion into China, management believes the Company's medium and long-term outlook is positive and improving. The Company will focus on marketing its newly designed trucks in North America and developing its business in China in 2018.

Amounts reported in thousands ($000's CAD) except per share amounts

Revenue

	Three Months ended March 31	
	2018	2017
Revenues	**$ 4,831**	$ 5,989

During the three months ended March 31, 2018, revenues were $4,831 (2017 - $5,989). The decrease in revenue was attributed to a delay in production and delivery of Hydrovac trucks caused by developing a new demonstration Hydrovac truck and equipment for its China operation.

Cost of sales

	Three Months ended March 31	
	2018	2017
Cost of Sales	**$ 3,943**	$ 5,092

For the three months ended March 31, 2018, cost of sales was $3,943 compared to $5,092 in the same period of 2017. The decrease in cost of sales is due to the decrease in revenue and number of trucks sold.

Gross Profit

	Three Months ended March 31	
	2018	2017
Gross Profit	**$ 888**	$ 897

Despite the decreased revenue, Gross Profit of $888 was comparable to $897 in the same period of 2017 due to production efficiency at the company's Stettler plant.

Selling, General and Administrative Expenses ("S,G&A")

	Three Months ended March 31	
	2018	2017
Selling, General and Administrative expense	**$ 1,244**	$ 973

During the three months ended March 31, 2018, S,G&A expenses were $1,244 compared to $973 in the same period of in 2017. The increase is principally due to increased employee costs of the North America operation and increased overhead costs of the China operation.

Amounts reported in thousands ($000's CAD) except per share amounts

Depreciation of property and equipment

	Three Months ended March 31	
	2018	2017
Depreciation	**$ 130**	$ 116

During the three months ended March 31, 2018, depreciation of property and equipment was $130 (2017 - $116), majority of which related to Operations in North America.

Amortization of intangible assets

	Three Months ended March 31	
	2018	2017
Amortization of intangible assets	**$ 124**	$ 123

During the three months ended March 31, 2018, amortization of intangible assets of $124 was comparable to $123 in the same period of 2017. (2017 - $123).

Stock based compensation

	Three Months ended March 31	
	2018	2017
Stock Based Compensation	**$ 68**	$ -

During the three months ended March 31, 2018, stock-based compensation expense of $68 resulted from expensing the Company's outstanding stock options over the vesting period which ranges from immediate to 2 years after the grant date.

Income Tax recovery

	Three Months ended March 31	
	2018	2017
Current Income tax (recovery)	**$ (33)**	$ -
Deferred income tax (recovery)	**(11)**	-
	$ (44)	$ -

The Company's tax recovery is relating to its North America operation.

Amounts reported in thousands ($000's CAD) except per share amounts

Net loss

	Three Months ended March 31	
	2018	2017
Net loss	**$ (635)**	$ (322)

For the three months ended March 31, 2018, the net loss was $635 compared to the net loss of $322 in the same period of 2017. The increase in the loss principally reflects the increased employee costs of the North America operation, increased overhead costs of the China operation, and increased stock-based compensation expense.

Inventory

	March 31, 2018	December 31, 2017
Work-in-process	**$ 1,292**	$ 2,180
Raw materials	**3,858**	3,093
Finished goods	**3,131**	1,217
Rental inventory	**791**	-
	$ 9,072	$ 6,490

For the three months ended March 31, 2018, inventory was $9,072 compared to inventory of $6,490 as at December 31, 2017. The increase in raw materials is due to stocking up for production ramp-up in the second quarter. The increase in finished goods is due to 3 completed trucks held in finished goods as at March 31, 2018 that were not delivered and sold to customers until early Q2 2018. Rental inventory includes two hydrovac trucks completed in Q1 2018 which are currently rented to customers.

Equipment Buyback Option

	March 31, 2018	December 31, 2017
Equipment buyback option	**$ 375**	$ -
	$ 375	$ -

As at March 31, 2018, the Company had a buyback arrangement relating to a truck that the Company sold to a customer with an option for the customer to sell it back to the company at an agreed price within the next six months.

Amounts reported in thousands ($000's CAD) except per share amounts

Quarterly Financial Information

	2018	2017	2017	2017	2017	2016	2016	2016(1)
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	$	$	$	$	$	$	$	$
Revenue	$ 4,831	$ 9,440	$ 7,620	$ 6,733	$ 5,989	$ 4,975	$ 2,928	$ 5,764
EBITDAS	(356)	(21)	74	(291)	(93)	(528)	(840)	(285)
Net income (loss)	(635)	(799)	79	(537)	(322)	(929)	(999)	(355)
Comprehensive income (loss)	(347)	(646)	58	(563)	(318)	(929)	(999)	(355)
Net loss per share - basic and diluted	$ -	$ (0.02)	$ -	$ -	$ (0.01)	$ (0.02)	$ (0.02)	

Notes:

(1) The Company became a public company in Q3 2016, and therefore per share information is not applicable for this period.

Factors That Have Caused Variations over the Quarters

Revenue decreased in Q1/2018 due to a delay in production and delivery of Hydrovac trucks caused by developing a new demonstration Hydrovac truck and equipment for its China operation. Revenue increased in Q4/2017 and Q3/2017 due to the recent improvement in the hydrovac market equipment demand with increased interest coming out of the municipal sector in both Canada and United States. Revenue decreased in Q3/2016 due to a downturn in the oil and gas market. This in turn led to a decrease in EBITDAS and an increase in the loss for these periods. In Q3/2017 EBITDAS was positive due to increased revenue and gross margin in North America. During Q4/2016 the increase in EBITDAS was due to an increase in revenue and gross profit offset by additional costs in the Company's new China office, and additional depreciation and amortization relating to intangible assets. During Q2/2017, the decrease in EBITDAS and increased loss was due to the liquidation of aged inventory with no margin and increased S,G&A in North America. The net loss in Q4/2017 increased due to stock-based compensation and income taxes.

Funds Used in Operating Activities(1)

	Three Months ended March 31	
	2018	2017
Cash used in operating activities	**$ (1,066)**	$ (1,033)
Proceeds from equipment buyback option	**(375)**	-
Changes in non-cash working capital	**1,127**	923
Funds used in operating activities	**$ (314)**	$ (110)

Notes:

(1) Funds used in operating activities is a non IFRS measure and is calculated from cash used in operating activities adjusted for changes in non-cash working capital and proceeds from equipment buyback option.

Amounts reported in thousands ($000's CAD) except per share amounts

During the three months ended March 31, 2018, the Company used $314 of funds from operating activities compared to $110 in the comparable period in 2017. The decrease was principally due to a decrease in EBITDAS, from negative $76 to negative $356 principally resulting from increased employee costs of the North America operation and increased overhead costs of the China operation.

Liquidity and Capital Resources

Liquidity

The Company had working capital of $11,131 as at March 31, 2018 compared to working capital of $11,334 as at December 31, 2017. Included in the working capital at March 31, 2018 is $4,684 of cash and $9,072 of inventory (which includes $1,138 relating to two demonstration units in China). Included in current liabilities is $375 relating to an equipment buyback option which may be exercised within the next six months.

For the three months ended March 31, 2018, TGHL's operations used $314 of cash, compared to $110 of cash used in 2017, excluding the impact of changes in non-cash working capital amounts. The increase was principally due to a decrease in EBITDAS, from negative $76 to negative $356 resulting from increased employee overhead costs of the North America operation and increased overhead costs of the China operation. In addition proceeds of $375 was received relating to an equipment buyback option transaction.

TGHL does not have any externally imposed restrictions on its capital. TGHL considers its net free cash to be its capital and manages the amounts based upon the projected needs of its individual geographic locations, those being China and North America. TGHL monitors these amounts to ensure there is adequate cash to support the North American operations and the ongoing planned expansion into China. Should the projected requirements not be satisfied from cash on hand at the Company or cash flow from operation, TGHL would need to raise additional cash. Management anticipates that additional funds could be raised on terms satisfactory to TGHL through either the issuance of additional equity, acquisition of debt, or a combination thereof. Cash on hand as at March 31, 2018, together with ongoing cash flow from operations is expected to be able meet the budgeted requirements for the next 12 months.

As at March 31, 2018 the Company held cash in China totaling $3,774. This cash is intended to be used to fund the Company's future China operations. In the event the Company decides to transfer these funds back to Canada, due to currency restrictions in China there may be practical difficulties in the timing of such transfer.

Capital Expenditures

Capital expenditures in Q1 2018 comprises:

	North America	China	Corporate	Total
Property and equipment	$ 50	$ 1	$ -	$ 51
Intangible assets	-	-	108	108
	$ 50	$ 1	$ 108	$ 159

Contractual Obligations And Commitments

Operating Lease commitments:

The Company rents premises in Stettler, Canada, under an operating lease that requires annual payments of $234 which expires June 30, 2021. This lease may be canceled upon 6 months' notice. The Company also rents office space in Calgary, Canada, under a sub-lease which expires on July 31, 2019 that requires annual payments of $75. The Company also rents premises in Calgary under an operating lease that requires annual payments of $78 which expires on November 30, 2019.

Amounts reported in thousands ($000's CAD) except per share amounts

The Company rents premises in Beijing, China, under an operating lease that requires annual payments of $79 which expires in August 2019.

TGHL has the following lease commitments, which will be funded from ongoing operations over the next 5 years:

Stettler	$ 176	$ 234	$ 234	$ 117	$ -
Calgary Office	56	44	-	-	-
Calgary Other	59	72	-	-	-
Beijing Office	60	53	-	-	-
	$ 351	**$ 403**	**$ 234**	**$ 117**	**$ -**

In the ordinary course of business, the Company and its subsidiaries may enter into contracts which contain indemnification provisions, such as service agreements, leasing agreements, asset purchase and sale agreements, joint venture agreements, operating agreements, land use agreements, etc. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. These indemnification provisions vary on an agreement-by-agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that would trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.

Off Balance Sheet Arrangements

None.

Shareholders' Equity

Share Capital

The Company is authorized to issue an unlimited number of Class "A" Common Shares ("Common Shares").

As of December 31, 2017, March 31, 2018 and May 22, 2018, there were 126,716,519 Common Shares outstanding.

As of December 31, 2017, there were 9.0 million shares held in escrow as a result of the spin-out transaction in 2016. These shares were released from escrow on January 7, 2018.

No dividends were declared during the period.

Common Share purchase warrants

As at March 31, 2018 there were 3,100,000 Warrants outstanding.

Stock Options

As at March 31, 2018, there were 8,400,000 stock options outstanding with a weighted average exercise price of $0.11 and weighted average remaining contractual life of 4.6 years. 2,700,001 options were exercisable at a weighted average exercise price of $0.11. No options were granted during the period.

Related Party Transactions

The Company did not have any related party transactions for the three month period ended March 31, 2018.

Amounts reported in thousands ($000's CAD) except per share amounts

Reconciliation of Loss before taxes to EBITDAS

	Three Months ended March 31			
		2018		2017
Loss before taxes	**$**	**(679)**	$	(322)
Add: Depreciation and amortization		**256**		256
Deduct: Finance income		**(31)**		(13)
Add: Finance costs		**22**		30
Add: Changes in fair value in derivatives		**4**		(27)
Add: Stock based compensation		**68**		-
Add: Loss on disposal of fixed assets		**4**		-
EBITDAS	**$**	**(356)**	$	(76)
% of revenue		**-7.4%**		-1.3%

Calculation of EBIT

	Three Months ended March 31			
		2018		2017
EBITDAS	**$**	**(356)**	$	(76)
Less: Depreciation and amortization		**(256)**		(256)
Less: Loss on disposal of fixed assets		**4**		-
Less: Stock based compensation		**(68)**		-
EBIT	**$**	**(684)**	$	(332)
% of revenue		**-14.2%**		-5.5%

Calculation of Gross Margin

	Three Months ended March 31			
		2018		2017
Revenues	**$**	**4,831**	$	5,989
Cost of sales		**3,943**		5,092
Gross margin	**$**	**888**	$	897
% of revenue		**18.4%**		15.0%

New Accounting Standards Effective For The First Time From January 1, 2018

Certain pronouncements were issued that are mandatory for accounting periods beginning before or on January 1, 2018. Please refer to the Company's unaudited condensed consolidated financial statements for the period ended March 31, 2018 for the impact of adopting IFRS 15, "Revenue from Contracts with Customers" and IFRS 9, "Financial Instruments".

Financial Instruments And Risk Management

The Company's financial instruments recognized in the consolidated balance sheet consist of cash and cash equivalents, accounts receivable, finance leases, accounts payable and accrued liabilities. The carrying value of these balance sheet items approximates their fair market value due to their short-term nature.

The risks associated with these financial instruments including foreign currency risk, credit risk, interest rate risk, liquidity risk and commodity price risk have not changed from December 31, 2017.

From time to time, the Company uses foreign exchange contracts to hedge its U.S. dollar revenues. As at March 31, 2018, the

Company had in place $5 million US on forward contracts which expire between July 31 and December 31, 2018. These contracts were revalued to fair market value using fair value accounting at the balance sheet date. For the three months ended March 31, 2018 the company recorded $4 of unrealized foreign exchange loss on these contracts.

Significant Judgements And Estimates

The preparation of the Company's financial statements requires management to adopt accounting policies that involve the use of significant estimates and assumptions. These estimates and assumptions are developed based on the best available information and are believed by management to be reasonable under the existing circumstances. New events or additional information may result in the revision of these estimates over time. A summary of the critical estimates and judgments used by the Company can be found in note 4 to the December 31, 2017 audited annual financial statements. Except as described below, there have been no changes to the Company's significant accounting estimates and judgments as of March 31, 2018.

The Company may enter into contracts which provide for an option for the customer to sell back the truck to the Company at an agreed price. The Company assesses the likelihood of such option being exercised when determining the appropriate accounting treatment.

Internal Controls And Procedures

There have been no significant changes in TGHL's internal controls over financial reporting during the three months ended March 31, 2018 that have materially affected, or are reasonability likely to materially affect TGHL's internal controls over financial reporting.

Forward Looking Information

This MD&A contains certain "forward-looking statements." All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding financial and business prospects and financial outlook) are forward looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company, based on information currently available to the Company. Forward-looking statements are subject to a number of risks, uncertainties and assumptions that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in general economic and market conditions, changes to regulations affecting the Company's activities, and uncertainties relating to the availability and costs of financing needed in the future. Any forward-looking statement speaks only as at the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

Business Risks And Uncertainties

Please refer to the Company's annual MD&A and audited consolidated financial statements for the year ended December 31, 2017, available on SEDAR at www.sedar.com, for a discussion of the other risks and uncertainties associated with the Company's activities. There have been no significant changes in these risks and uncertainties during Q1/2018. Additional risks and uncertainties that management may be unaware of may become important factors which affect TGHL.