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 unaudited financial statements of TGHL for the period ended March 31, 2017.

The interim consolidated financial statements and accompanying notes of TGHL for the period ended March 31, 2017 have been prepared in conformity with International Financial Reporting Standards ("IFRS") and require management to make estimates and assumptions that affect amounts reported and disclosed in such financial statements and related notes. Unless otherwise indicated, a reference to a period relates to TGHL's three-month periods ended March 31. All amounts are reported in Canadian dollars unless specifically stated to the contrary.

Disclosure contained in this document is current to May 25, 2017, unless otherwise stated.

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

Business Description

TGHL manufactures 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, AB. TGHL is also in the early stages of commencing similar operations in China.

TGHL maintains its head office in Calgary, AB.

Financial Results

Periods ended March 31	**Quarter ended**		
($000's, except for percentages)	**2017** **$**	**2016** **$**	**Variance** **$**
Operating Results:			
Revenues	5,989	3,382	2,607
Adjusted gross margin	897	89	808
Adjusted gross margin %	15.0%	2.6%	12.4%
Adjusted EBITDA	(76)	(435)	359
Adjusted EBITDA %	(1.3%)	(12.9%)	11.6%
Adjusted EBIT	(332)	(533)	201
Adjusted EBIT %	(5.5%)	(15.8%)	10.3%
Net income (loss)	**(318)**	**(467)**	**149**

First Quarter 2017 Overview

The quarter ended March 31, 2017 yielded an increase in revenues from continuing operations of 77.1% compared to the period ended March 31, 2016. The increase in revenue was attributed to the recent improvement in the hydrovac market equipment purchase demand with increased interest coming out of the municipal sector in both Canada and United States.

The Company's Adjusted Gross Margin increased 12.4% in the period as compared to the same period in 2016. This increase was driven by the rising price resulted from the increase in overall demand for hydrovac trucks and improved cost efficiencies at higher production volumes.

The Company's Adjusted EBITDA increased by $0.4 million as a result of factors discussed above. TGHL's depreciation and amortization expense was $0.2 million higher than the prior year and thus the increase in Adjusted EBIT of $0.2 million is also explained by the factors outlined above. The increased depreciation and amortization expense resulted from certain items of property and equipment and intangible assets being marked to fair value because of the acquisition of the assets and liabilities of Tornado Trucks.

Significant Events

- On January 1, 2017, TGHL completed a re-organization and transferred its tangible assets and liabilities and employees (except for officers) into Tornado Global Hydrovac (North America) Inc., a wholly-owned subsidiary of TGHL.
- On January 19, 2017, TGHL incorporated Tornado Global Hydrovacs (Beijing) Limited which will carry out the Chinese expansion of TGHL.

Selected Annual and Quarterly Financial Information

Annual Financial Information

For the years ended (presented in $000's)	2016 IFRS	2015 IFRS	2014 IFRS
Sales	17,049	20,178	35,674
Profit (loss)	(2,751)	(887)	1,766
Total Assets	19.539	8,682	16,334
Total long-term financial liabilities	2,535	35	143
Cash dividends declared per common share	-	-	-

Quarterly Financial Information For the quarters ended (presented in $000's)	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
Sales	5,989	4,975	2,928	5,764	3,382	5,152	3,715	6,686
Adjusted EBITDA	(76)	(528)	(840)	(285)	(435)	5	(122)	130
Loss	(318)	(929)	(999)	(355)	(467)	(370)	(222)	(63)
Loss per share	(0.005)	(0.015)	(0.015)	-	-	-	-	-

Liquidity and Capital Resources

Liquidity

For the period ended March 31, 2017, TGHL's operations used $0.1 million of cash, compared with $0.4 million of cash used in 2016 excluding the impact of changes in non-cash working capital amounts.

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 planned expansion in China. Should the projected requirements not be fulfilled, TGHL expects to raise additional cash through either the issuance of additional equity, acquisition of additional debt, or a combination thereof. As at March 31, 2017, TGHL had $3.3 million free cash for its operations. These levels met the budgeted requirements for the next 12 months.

Shareholder's Equity

TGHL's shareholder's equity reduced by $0.3 million during the quarter because of the net comprehensive loss incurred during the period. No dividends were declared during the period. TGHL does not have any stock options outstanding at March 31, 2017.

The market capitalization of the TGHL's 59,480,843 issued and outstanding common shares at May 25, 2017 was $5.65 million or $0.095 per share, which is less than TGHL's book value per share of $0.22 at March 31, 2017.

Segment Reporting

Since the acquisition of the assets and liabilities of Tornado Trucks on June 28, 2016, TGHL has established a separate operating segment for its emerging Chinese operations. The tables below outline the break down for the full year and quarter ended December 31, 2016:

For the 3 months ended March 31, 2017:

2017 (presented in $000's)	North America $	China $	Total $
Revenues	5,989	-	**5,989**
Cost of sales excluding depreciation and amortization	(5,092)	-	**(5,092)**
	897	-	**897**
Selling and administrative expenses	750	223	**973**
	147	(223)	**(76)**
Depreciation and amortization expense	(194)	(62)	**(256)**
	(47)	(285)	**(332)**

For the three months ended March 31, 2016

2016 (presented in $000's)	North America $	China $	Total $
Revenues	3,382	-	**3,382**
Cost of sales excluding depreciation and amortization	(3,293)	-	**(3,293)**
	89	-	**89**
Selling and administrative expenses	(524)	-	**(524)**
	(435)	-	**(435)**
Depreciation and amortization expense	(98)	-	**(98)**
	(533)	-	**(533)**

No comparative segment information has been provided as TGHL did have a second operating segment until August 2016.

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.

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 municipal sector in both Canada and United States contributed to a financial performance improvement in the Company's North America segment. Management believes that the Company will continuously improve its performance in North America throughout the rest of the year for the following reasons:

- The continuous spending in infrastructure from both the Canadian and US governments will 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.
- Working with its Chinese operation on sourcing qualified materials and parts to further reduce production costs.
- The weaker Canadian dollar will continue to positively impact profit margins because more than half of the Company's hydrovac trucks are sold predominantly in US dollars while manufactured in Canada.

In China, the Company continues to develop and penetrate this significant market. We incorporated Tornado Global Hydrovacs (Beijing) Limited in January 2017 ("Tornado China"), which currently has seven employees for sales, finance, engineering, and supply chain management. Tornado China is in the process of identifying and selecting a local Chinese manufacturing partner to assist in the manufacturing of its hydrovac trucks in China.

With the increasing demand in North America and establishing Tornado China, management believes 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 the rest of 2017.

Non-IFRS Methods

In this MD&A, the Company uses two financial management metrics that are not in accordance with IFRS "Adjusted earnings (loss) before interest, tax, depreciation and amortization (Adjusted EBITDA)" and "Adjusted Gross Margin". Because these terms are not defined by IFRS they cannot be formally presented in the consolidated financial statements. The definition of Adjusted EBITDA does not take into account the Company's share of profit of an associate investment, gains and losses on the disposal of assets, fair value changes in foreign currency forward contracts and non-cash components of stock based compensation. Adjusted EBIT is the result of the Company's Adjusted EBITDA less depreciation and amortization expenses. The Adjusted 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 Adjusted EBITDA, Adjusted EBIT and Adjusted Gross Margin may differ from those definitions used by other companies.

While not IFRS measures, Adjusted EBITDA, Adjusted EBIT and Adjusted 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.

Reconciliation of Profit (loss) to Adjusted EBITDA

Periods ended March 31	Quarter ended		
	2017	2016	Variance
($000's, except for per share amounts)	$	$	$
Profit (loss) –before taxes	(322)	(638)	316
Add: Depreciation and amortization	256	98	158
Deduct: Finance income	(13)	-	(13)
Add: Finance costs	30	5	25
Add: Fair value changes in derivatives	(27)	-	(27)
Add: Management fees	-	100	(100)
Adjusted EBITDA –	(76)	(435)	359

Calculation of Adjusted EBIT

Periods ended March 31	Quarter ended		
	2017	2016	Variance
($000's, except for percentages)	$	$	$
Adjusted EBITDA	(76)	(435)	359
Less: Depreciation and amortization	(256)	(98)	(158)
Adjusted EBIT	(332)	(533)	201
% of revenue	(5.5%)	(15.8%)	10.3%

Calculation of Adjusted Gross Margin

Periods ended March 31	Quarter ended		
	2017	2016	Variance
($000's, except for percentages)	$	$	$
Revenues	5,989	3,382	2,607
Cost of sales excluding depreciation and amortization	(5,092)	(3,293)	(1,799)
Adjusted gross margin	897	89	808
% of revenue	15.0%	2.6%	12.04%