Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of the consolidated operations of Tornado Global Hydrovacs Ltd. ("TGHL" or the "Company") and its wholly-owned subsidiaries Tornado Global Hydrovacs (North America) Inc. ("Tornado NA" or the "North American Operation(s)"), Tornado Global Hydrovacs (Shanghai) Ltd. ("Tornado China") and Tornado Hydrovacs Asia Pacific Holdings Ltd. ("Tornado Asia" and together with Tornado China are referred to as the "China Operation(s)") 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, 2021 and for the three months ended March 31, 2021 and 2020, and the audited consolidated financial statements and notes for the year ended December 31, 2020.

The interim unaudited condensed consolidated financial statements and accompanying notes of TGHL for the three months ended March 31, 2021 have been prepared in conformity with International Financial Reporting Standards ("IFRS"): International Accounting Standard 34.

Certain information (namely revenues and cost of sales) have been restated in 2020, as described in Note 2 to the December 31, 2020 audited consolidated financial statements. This restatement had no impact on Gross Profit or net income. Certain other prior period amounts have been reclassified to conform with the current period presentation.

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 "Forward-Looking Information".

All amounts are reported in Canadian dollars unless specifically stated otherwise. Financial information disclosed in this MD&A is presented in thousands (000's) except for percentages and per share data.

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 19, 2021, unless otherwise stated.

Non-IFRS Methods

In this MD&A, the Company uses four financial management metrics that are not in accordance with IFRS, namely "EBITDAS" (earnings (loss) before interest, tax, depreciation and amortization, non-cash impairment and stock-based compensation), "Gross Profit" (revenue less cost of sales), "EBIT" (earnings before interest and taxes) and "Funds from Operating Activities". Because these terms are not defined by IFRS they cannot be formally presented in the audited consolidated financial statements. EBIT is the result of the Company's EBITDAS less depreciation and amortization expenses, gains and losses on the disposal of assets, non-cash impairment and stock-based compensation. Funds from Operating Activities is calculated from cash from operating activities adjusted for change in tax recoverable, income taxes paid and changes in non-cash working capital. It should be noted that the Company's definition of EBITDAS, EBIT, Gross Profit and Funds from Operating Activities may differ from those definitions used by other companies.

While not IFRS measures, EBITDAS, EBIT, Gross Profit and Funds from Operating Activities 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 municipal market and the oil and gas industry. It operates through two production facilities located in Red Deer, Alberta (the "Red Deer Facility") and Stettler, Alberta (the "Stettler Facility") and a sales office located in Calgary, Alberta. In China, the Company's subsidiary is principally used to source certain parts for the North American Operations.

TGHL maintains its head office in Calgary, Alberta.

Overview

First Quarter 2021 Overview and Recent Developments

- The Company's North American Operations continued to be negatively affected by COVID-19 in Q1/2021. This is discussed in more detail in the "Outlook" section of this MD&A.

- Revenue of $7,978, decreased 32.6% compared to $11,838 in Q1/2020 and was negatively impacted by COVID-19 during the quarter.

- Gross Profit of $2,224, increased by $640 compared to $1,584 in Q1/2020 due to decreased employee costs associated with the Company's North American Operations and recoveries from the Canada Emergency Wage Subsidy (the "wage subsidy"). Gross Profit was also positively impacted by the increased benefits from cost savings on parts sourced from China during the quarter.

- EBITDAS of $1,099, increased by $759 compared to $340 in Q1/2020, due to increased gross profit in North America and the wage subsidy of $208.

- Net income of $361, increased by $470 compared to a net loss of $109 in Q1/2020. This was due to the factors discussed above.

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, 2020. For a complete discussion on these items, please refer to the Company's MD&A for the fiscal year end dated December 31, 2020 which can be found under the Company's profile at www.sedar.com.

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

Selected Financial Information

	Three Months ended March 31			
		2021		2020
Revenue	$	7,978	$	11,838
Cost of sales		5,754		10,254
Gross Profit		2,224		1,584
Selling and general administrative expenses		1,125		1,244
Depreciation of property and equipment		300		263
Amortization of intangible assets		149		141
Finance costs		39		29
Stock-based compensation		44		-
Accretion expense		39		-
Other		-		88
Income (loss) before tax		528		(181)
Income tax recovery (expense)		(167)		72
Net income (loss)	$	361	$	(109)
Comprehensive income	$	568	$	395
Net income (loss) per share - basic and diluted		$0.003	$	(0.001)
Total non-current financial liabilities	$	888	$	1,089
Total assets	$	28,479	$	27,626

Segmented Information

Three months ended March 31, 2021	**North America**		**China**		**Corporate**		**Total**
Revenue	**$**	**7,978**	**$ -**	**$**	**-**	**$**	**7,978**
Cost of sales		**5,754**	**-**		**-**		**5,754**
Selling and general administrative		**882**	**71**		**172**		**1,125**
		1,342	**(71)**		**(172)**		**1,099**
Depreciation and amortization		**259**	**-**		**190**		**449**
Income (loss) before other items	**$**	**1,083**	**$ (71)**	**$**	**(362)**	**$**	**650**

Three months ended March 31, 2020	North America		China		Corporate		Total
Revenue	$	11,838	$ -	$	-	$	11,838
Cost of sales		10,254	-		-		10,254
Selling and general administrative		1,000	127		117		1,244
		584	(127)		(117)		340
Depreciation and amortization		245	3		156		404
Income (loss) before other items	$	339	$ (130)	$	(273)	$	(64)

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

Operating Results

	Three Months ended March 31	
	2021	2020
Revenues	**$ 7,978**	$ 11,838
Gross profit	**2,224**	1,584
Gross profit %	**27.9%**	13.4%
EBITDAS	**1,099**	340
EBITDAS %	**13.8%**	2.9%
EBIT	**606**	(64)
EBIT %	**7.6%**	-0.5%
Net income (loss)	**$ 361**	$ (109)

Outlook

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

The Company continues to evaluate its business operations in the context of COVID-19, with a focus on health and safety of its employees, current company operations, business continuity and managing liquidity. As permitted by current government regulations, the Company continues to operate its manufacturing facilities with strict cleaning protocols and social distancing measures in place. In April 2020, the Company reduced truck production and put in place an aggressive program to conserve cash. Production at the Stettler Facility was reduced by approximately 60% for the second half of 2020 and 20% for Q1/2021. As at March 31, 2021, approximately 25% of the Company's employees had been permanently laid off.

These measures are intended to allow the Company to conserve cash and maintain its workforce through a period of lower production. The cost savings put in place are intended to protect the Company's balance sheet and to allow the Company to quickly ramp-up production once the pandemic has passed. The service and parts team remain unaffected so they can continue to assist customers.

As a result of the (i) spread of COVID-19 in all relevant jurisdictions to the Company's supply chain and customer base; (ii) impact of government measures imposed to help manage the spread of the virus; (iii) actions undertaken by the Company to ensure the well-being and safety of its employees; and (iv) uncertainty over the duration of business disruptions, management expects that the Company's consolidated financial results in 2021, including its financial performance and liquidity, may be negatively impacted.

Management recognizes that while it continues to respond to and navigate the impacts of COVID-19 on the Company's business, the situation continues to evolve especially with respect to the impact of the roll out of vaccinations in the United States and Canada. At this point, the Company has access to debt and other forms of government support available to businesses impacted by the pandemic. As the Company's production and revenue increase, the Company will add staff as needed. As a result of an increase in production and a corresponding increase in revenue, the Company expects that the Company's access to government support currently available will be reduced or eliminated.

Management believes the underlying fundamentals of the Company's business remain strong and expects its production and sales of hydrovac trucks in North America to recover and return to and eventually exceed the level achieved in 2019 over the long term for the following reasons:

- Expanded capacity and manufacturing and production efficiencies from the Red Deer Facility, which is expected to become fully operational in mid 2021.
- Management anticipates the continued expansion of parts and services business in the Red Deer Facility.

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

- Increased spending on infrastructure in North America, particularly in the US as a result of recently announced proposed infrastructure programs, is anticipated post COVID-19 to support the market demand of hydrovac trucks in North America.
- Management believes the Company's commitment to continuous improvement of its hydrovac truck design has compelling advantages over hydrovac trucks currently offered in the market.

Revenue

	Three Months ended March 31	
	2021	2020
Revenues	**$ 7,978**	$ 11,838

During the three months ended March 31, 2021, revenues were $7,978 compared to $11,838 in the same period of 2020. The decrease over the same period in 2020 reflects the negative impact of COVID-19.

The table below shows the geographical sales:

	Three Months ended March 31	
	2021	2020
Canada	**$ 5,552**	$ 4,876
United States	**2,426**	6,962
	$ 7,978	$ 11,838

Cost of sales

	Three Months ended March 31	
	2021	2020
Cost of Sales	**$ 5,754**	$ 10,254

For the three months ended March 31, 2021, cost of sales was $5,754 compared to $10,254 in the same period of 2020. The decrease in cost of sales was due to the decrease in revenue as well as the benefit of recoveries from the wage subsidy in the amount of $183 (2020 – $144).

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

Gross Profit

	Three Months ended March 31	
	2021	2020
Gross Profit	**$ 2,224**	$ 1,584

For the three months ended March 31, 2021, Gross Profit was $2,224 compared to $1,584 in the same period of 2020 due to decreased employee costs associated with the Company's North American Operations and recoveries from the wage subsidy. Gross Profit was positively impacted by the increased benefits from cost savings on parts sourced from China during the period.

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

	Three Months ended March 31	
	2021	2020
Selling and General and Administrative expense	**$ 1,125**	$ 1,244

For the three months ended March 31, 2021, S,G&A expenses were $1,125 (comprising $882 in North America, $71 in China and $172 in Corporate) compared to $1,244 (comprising $1,000 in North America, $127 in China and $117 in Corporate) in the same period of 2020. The overall decrease was principally due to decreased employee costs in both North America and China, plus the benefit of the wage subsidy recoveries in the amount of $25 (2020 – $11).

Depreciation of property and equipment

	Three Months ended March 31	
	2021	2020
Depreciation	**$ 300**	$ 263

During the three months ended March 31, 2021, depreciation of property and equipment was $300 compared to $263 in the same period of 2020, the majority of which related to the North American Operations.

Amortization of intangible assets

	Three Months ended March 31	
	2021	2020
Amortization of intangible assets	**$ 149**	$ 141

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

During the three months ended March 31, 2021, amortization of intangible assets was $149 which is comparable with the same period of 2020.

Stock based compensation

	Three Months ended March 31	
	2021	2020
Stock Based Compensation	**$ 44**	$ -

During the three months ended March 31, 2021, stock-based compensation expense was $44 as a result of the grant of 1,300,000 options in Q1/2021.

Income tax expense (recovery)

	Three Months ended March 31	
	2021	2020
Current income tax expense (recovery)	**$ 175**	$ (94)
Deferred income tax expense	**(8)**	22
	$ 167	$ (72)

The Company's tax expense relates to Tornado NA. For the three months ended March 31, 2021, the Company recorded income tax expense of $167 compared to income tax recovery of $72 in the same period of 2020.

Net income (loss)

	Three Months ended March 31	
	2021	2020
Net income (loss)	**$ 361**	$ (109)

For the three months ended March 31, 2021, net income was $361 compared to a net loss of $109 in the same period of 2020. This was due to increased Gross Profit in North America and recoveries from the wage subsidy, offset by an increase in income tax expense related to the North American Operations.

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

Inventory

		March 31, 2021		December 31, 2020
Work-in-process	$	2,709	$	2,076
Raw materials		4,705		4,459
Finished goods		887		1,745
	$	8,301	$	8,280

As at March 31, 2021, inventory slightly increased to $8,301 compared to inventory of $8,280 as at December 31, 2020. Finished goods inventory consists of hydrovac trucks in the North American Operations and decreased compared to December 31, 2020 due to the sale of hydrovac trucks in Q1/2021.

Quarterly Financial Information(1)(2)(3)

	2021	2020	2020	2020	2020	2019	2019	2019
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	$	$	$	$	$	$	$	$
Revenue	$ 7,978	$ 5,186	$ 7,404	$ 6,405	$ 11,838	$ 11,854	$ 13,575	$ 13,411
EBITDAS	1,099	(588)	800	572	340	614	1,168	1,033
Net income (loss)	361	(1,035)	349	128	(109)	(2,517)	500	501
Comprehensive income (loss)	568	(976)	340	80	395	(2,924)	472	444
Net income (loss) per share - basic and diluted	$ 0.003	$ (0.008)	$ 0.003	$ 0.001	$ (0.001)	$ (0.020)	$ 0.004	$ 0.004

Notes:

(1) Quarterly information has been prepared in conformity with IFRS.
(2) Due to rounding, year to date numbers may round differently.
(3) Prior period revenues have been restated to reflect the change in accounting treatment as discussed above. This has no impact on EBITDAS or net income.

Factors That Have Caused Variations over the Quarters

In Q1/2021, revenue increased compared to Q4/2020 due to increased demand for hydrovac trucks in North America. In Q4/2020, revenue decreased compared to Q3/2020 as a result of reduced hydrovac trucks production and delivery in December 2020. In Q3/2020, revenue increased compared to Q2/2020 as a result of increased demand for hydrovac trucks in North America. In Q2/2020 and Q1/2020, revenue decreased compared to Q4/2019 as a result of the impact of COVID-19. In Q4/2019, revenue decreased as a result of reduced hydrovac trucks production and delivery in December 2019 due to holiday closures.

In Q1/2021, EBITDAS increased compared to Q4/2020 due to increased revenue and Gross Profit. In Q4/2020, EBITDAS decreased compared to Q3/2020 due to decreased revenue and gross profit. In Q3/2020, EBITDAS increased compared to Q2/2020 due to increased revenue. In Q2/2020 and Q1/2020, EBITDAS decreased compared to Q4/2019 and Q3/2019 due to the impact of COVID-19 and increased employee costs. In Q4/2019, EBITDAS decreased due to a year-end inventory adjustment and write-off of VAT tax receivable in China.

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

In Q1/2021, net income (loss) increased compared to Q4/2020 due to increased revenue and Gross Profit. In Q4/2020, net income (loss) decreased compared to Q3/2020 principally due to decreased revenue and Gross Profit. In Q3/2020, net income increased compared to Q2/2020 principally due to increased revenue and Gross Profit and an impairment reversal. Net income decreased in Q3/2020 and Q2/2020 compared to Q3/2019 and Q2/2019 due to the impact of COVID-19. Net income decreased in Q1/2020 compared to Q3/2019 and Q2/2019 due to the impact of COVID-19 and increased employee costs offset by decreased income tax expense related to the North American Operations. Net income decreased in Q4/2019 due to the factors discussed above, plus an impairment write-down of $2,242.

Funds from Operating Activities(1)

	Three Months ended March 31	
	2021	2020
Cash from operating activities	**$ 864**	$ 215
Changes in non-cash working capital	**21**	865
Change in tax recoverable	**-**	(28)
Funds from operating activities	**$ 885**	$ 1,052

Notes:

(1) Funds from 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 change in tax recoverable.

During the three months ended March 31, 2021, the Company generated $885 of Funds from Operating Activities which is generally comparable to $1,052 generated in the same period in 2020.

Liquidity and Capital Resources

Liquidity

The Company had working capital of $3,579 as at March 31, 2021 compared to working capital of $2,737 as at December 31, 2020. Included in the working capital at March 31, 2021 is $2,287 of cash and $5,386 mortgage payable on the Red Deer Facility, which matures on July 1, 2021. The Company is currently in discussions with potential lenders with respect to refinancing the mortgage.

TGHL does not have any externally imposed restrictions on its capital. TGHL manages its capital based on the projected needs of its individual geographic locations, being China and North America. TGHL monitors these amounts to ensure there is adequate cash to support the North American Operations and the ongoing operations in China. Should the projected requirements not be satisfied from cash on hand at the Company or cash flow from operations, TGHL would need to raise additional cash.

As discussed above in the "Outlook" section, in response to the COVID-19 pandemic, the Company has taken steps to conserve cash and maintain its workforce through a period of lower production. Notwithstanding the foregoing, management has concluded that as of the date of this report, as a result of the impact of COVID-19, uncertainties exist which may impact the Company's operations over the next 12 months.

If required, management anticipates that it could raise additional funds, both in the short term and in the long term, on terms satisfactory to TGHL through either the issuance of additional equity, acquisition of additional debt, or a combination thereof.

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

Capital Expenditures

During the three months ended March 31, 2021, the Company incurred capital expenditures of $10 in machinery and equipment compared to $1,609 (comprising machinery and equipment $140, computer software $20, hydrovac trucks purchased for rental use in North America $1,099 and land and building $350) in the same period of 2020.

On February 3, 2020 the Company closed the purchase of the Red Deer Facility, an approximately 63,500 square foot facility built on approximately 17 acres of land located in Red Deer, Alberta, for $6,500 (the "Purchase Price") from an arm's length third party vendor (the "Vendor"). The Company paid an aggregate of $500 toward the Purchase Price at closing and the Vendor provided a non-interest bearing vendor take-back mortgage secured against the Red Deer Facility for the balance of the Purchase Price. In January 2021, the Company paid another $500 principal payment and the balance of the principal due on July 1, 2021. The acquisition of the Red Deer Facility was necessary as the Company's lease for the Stettler Facility will expire on June 30, 2021 and the Company's long term production demands have out-grown the capacity of the Stettler Facility and demand for even more production capacity is expected to be needed going forward.

Contractual Obligations and Commitments

Lease Obligations

The Company's lease liabilities consist of lease obligations relating to hydrovac trucks and equipment, facilities and office equipment.

As at March 31, 2021, the Company had 6 (December 31, 2020 – 6) hydrovac truck leases, 1 equipment lease (December 31, 2020 – 1) and 3 computer equipment leases (December 31, 2020 - 3), repayable in monthly installments totaling of $54 (December 31, 2020 - $54) with final installments totaling $131 (December 31, 2020 - $131), bearing interest at rates between 2% and 9%.

As at March 31, 2021, the Company had $163 lease liabilities relating to the Stettler Facility and premises in Calgary. The lease for the Stettler Facility expires on June 30, 2021 with no additional end of lease liabilities.

	March 31, 2021	December 31, 2020
Lease obligations	**$ 1,599**	$ 1,815
Less: current portion of lease obligations	**(711)**	(726)
	$ 888	$ 1,089

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

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

2021	$	**597**
2022		**607**
2023		**405**
2024		**177**
2025		**-**
Total minimum lease payments		**1,786**
Amount representing interest		**(187)**
		1,599
Less current portion of lease		**(711)**
	$	**888**

Off Balance Sheet Arrangements

As at March 31, 2021 and the date of this MD&A, the Company had no off balance sheet arrangements.

Shareholders' Equity

Share Capital

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

As of December 31, 2020, March 31, 2021 and May 19, 2021, there were 126,771,119 Common Shares outstanding.

No dividends were declared during the period.

Common Share Purchase Warrants

As of December 31, 2020, March 31, 2021 and and May 19, 2021, there were 3,100,000 warrants outstanding, which are exercisable into 3,100,000 Common Shares at an exercise price of $0.12 per warrant and expire on September 15, 2022. No warrants were exercised during Q1/2021.

Stock Options

As at March 31, 2021 and May 19, 2021, there were 8,745,400 stock options outstanding with a weighted average exercise price of $0.13 and weighted average remaining contractual life of 2.1 years. 7,978,733 options were exercisable at a weighted average exercise price of $0.12.

On February 5, 2021, 1,300,000 stock options were granted at an exercise price of $0.23.

Related Party Transactions

Transactions between the Company and related parties during the three months ended March 31, 2021 comprised the following:

During the three months ended March 31, 2021, Tornado Asia purchased hydrovac truck components of $nil (2020 - $251) from Shanghai World Trade Resources Group Co. Ltd. ("ShanghaiCo") for the Company's North American Operations and advanced $nil (2020 - $490) to ShanghaiCo for the purchase of upcoming components. During the three months ended March 31, 2021, Tornado Asia incurred a service fee of $nil (2020 - $13) payable to ShanghaiCo that equals to 5% of the value of the components purchased by ShanghaiCo on its behalf. As at March 31, 2021, TGHL had a net receivable of $168 (2020 – a net receivable of $106) from ShanghaiCo.

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

Mr. Chuyu Wu, a director of the Company and Tornado Asia is a director of ShanghaiCo.

These transactions were in the normal course of operations and are measured at the amount of consideration agreed to by the parties.

Reconciliation of Loss before taxes to EBITDAS

	Three Months ended March 31	
	2021	2020
Income (Loss) before taxes	**$ 528**	$ (181)
Add: Depreciation and amortization	**449**	404
Add: Finance costs	**39**	29
Add: Accretion expense	**39**	-
Add: Stock based compensation	**44**	-
Add: Changes in fair value in derivatives	**-**	88
EBITDAS	**$ 1,099**	$ 340
% of revenue	**13.8%**	2.9%

Calculation of EBIT

	Three Months ended March 31	
	2021	2020
EBITDAS	**$ 1,099**	$ 340
Less: Depreciation and amortization	**(449)**	(404)
Less: Stock based compensation	**(44)**	-
EBIT	**$ 606**	$ (64)
% of revenue	**7.6%**	-0.5%

Calculation of Gross Profit

	Three Months ended March 31	
	2021	2020
Revenues	**$ 7,978**	$ 11,838
Cost of sales	**5,754**	10,254
Gross profit	**$ 2,224**	$ 1,584
% of revenue	**27.9%**	13.4%

Financial Instruments and Risk Management

The Company's financial instruments recognized in the consolidated balance sheet consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, term loan payable and mortgage payable. 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, are discussed under "Risks and Uncertainties" in the Company's annual MD&A for the year ended December 31, 2020.

The Company may use foreign exchange contracts to hedge its US dollar ("USD") revenues. As at March 31, 2021, the Company had no USD forward 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 judgements used by the Company can be found in Note 3 to the December 31, 2020 consolidated audited annual financial statements. There have been no changes to the Company's significant accounting estimates and judgments as of March 31, 2021.

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, 2021 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. Such forward-looking statements may be identified by words such as "anticipate", "will", "intend", "could", "should", "may", "expect", "forecast", "plan", "potential", "project", "estimate", "assume", "believe", "shall", "target", "forward looking to", and similar terms or the negatives thereof or other comparable terminology. Forward-looking statements include those with respect to: (i) the Company's outlook for the 2021 fiscal year; (ii) cost saving measures intended to allow the Company to conserve cash maintain its workforce through a period of lower production and quickly ramp-up production once the COVID-19 pandemic has passed; (iii) the expectation that the service and parts team will remain unaffected and can continue to assist customers; (iv) the expected negative impact of COVID-19 on the Company's financial results and liquidity in 2021; (v) the expectation that the Company's access to government support currently available will be reduced or eliminated as the Company's production and revenue increases; (vi) management's belief that the underlying fundamentals of the Company's business will remain strong over the long term; (vii) the expectation that long term production and sales of hydrovac trucks in North America will recover and eventually exceed the levels achieved in 2019; (viii) the anticipated increased spending on infrastructure in North America post COVID-19 to support the market demand of hydrovac trucks in North America; (ix) management's belief that the Company's commitment to continuous improvement of its hydrovac truck design has compelling advantages over hydrovac trucks currently offered in the market; (x) the anticipated manufacturing and production efficiencies from the Red Deer Facility, once it becomes fully operational in mid 2021; (xi) management's anticipation of continued expansion of parts and services business in the Red Deer Facility; and (xii) management's anticipation that the Company could raise additional funds in the short term and long term through either the issuance of additional equity, acquisition of additional debt, or a combination thereof. 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 forward-looking 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, 2020, available on SEDAR at www.sedar.com and on the Company's web site at www.tornadotrucks.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 the three months ended March 31, 2021.