

Tornado Global Hydrovacs announces Proposed Financing Arrangement and China Operations Update

CALGARY, August 1, 2017 – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Corporation”) is pleased to announce a proposed financing arrangement and provide an update with respect to its China operations.

To improve the capital structure of the Corporation, Tornado intends to implement a financing arrangement comprising a rights offering, a common share private placement, a shares for debt transaction and a unit private placement (the “Financing Arrangement”). It is intended that all common shares issued pursuant to the Financing Arrangement will be issued at \$0.09 per common share, subject to the policies of the TSX Venture Exchange. The intention of the rights offering is to permit Tornado’s shareholders to purchase additional common shares at the same price per common share as those issued pursuant to the common share private placement, shares for debt transaction and unit private placement. A further press release will be issued once the record date for the rights offering has been determined.

Proceeds received from the Financing Arrangement will be used to further the Corporation’s business strategy with respect to expansion in China and for general working capital purposes.

Rights Offering

Tornado will issue to holders of its issued and outstanding common shares (“Common Shares”) one right (each a “Right” and together the “Rights”) for each issued and outstanding Common Share (the “Rights Offering”). Each Right will entitle the holder to subscribe for one Common Share a price of \$0.09 per Common Share (the “Subscription Price”). The Rights Offering is conditional on the prior closing of a private placement of Common Shares (the “Common Private Placement”) and the shares for debt transaction (the “Shares for Debt Transaction”) described below. Tornado intends to complete the Rights Offering as soon as practicable after the closing the Private Placement and Shares for Debt Transaction.

Excellence Raise Overseas Limited, Shanghai Pursuance Intelligence Technologies Limited Partnership and Huang Chao (together referred to as the “Offshore Shareholders”) currently hold 27,063,783 Common Shares (representing 45.5% of the issued and outstanding Common Shares of the Corporation prior to the closing of the Private Placement and Debt Conversion described below) will be issued Rights in accordance with applicable securities laws. However, the Offshore Shareholders and Empire Industries Ltd. have agreed not to transfer or exercise any of their Rights.

Common Share Private Placement

The Corporation intends to complete a non-brokered private placement of 27,777,778 Common Shares (the “Common Share Private Placement”) at a price of \$.09 per Common Share for aggregate gross proceeds of CDN \$2,500,000. The sole subscriber pursuant to the Common Share Private Placement will be Excellence Raise Overseas Limited (the “Subscriber”). The investment by the Subscriber in the Common Share Private Placement is in lieu of prior commitment made by the Subscriber to provide a subordinated loan to the Corporation’s wholly-owned subsidiary in China. The Common Share Private Placement shall be subject to the following conditions: (i) the concurrent closing of the Shares for Debt Transaction; and (ii) the receipt of all necessary regulatory approvals by the Corporation. The Corporation intends to close the Common Share Private Placement on or before September 15, 2017. The Common Shares issued pursuant to the Common Share Private Placement will be subject to a four month and one day hold period.

Shares for Debt Transaction

As part of the spin-out transaction completed in 2016 that created the Corporation, Empire Industries Ltd. (“Empire”) provided a secured term loan to Tornado on which interest accrues at 2.7% per annum. Tornado and Empire have agreed that the loan plus accrued interest totaling CDN \$2,716,699 as of the date hereof will be converted into 30,185,544 Common Shares of the Corporation at a price of \$0.09 per Common Share (the “Shares

for Debt Transaction”). The Shares Debt for Debt Transaction shall be subject to the following conditions: (i) the concurrent closing of the Private Placement; and (ii) the receipt of all necessary regulatory approvals by the Corporation. The Corporation intends to close the Shares Debt for Debt Transaction on or before September 15, 2017. The Common Shares issued pursuant to the Shares Debt for Debt Transaction will be subject to a four month and one day hold period.

Unit Private Placement

The Corporation intends to complete a non-brokered private placement of up to 3,100,000 units (the “Unit Private Placement”) at a price of \$0.09 per Unit for aggregate gross proceeds of up to CDN \$279,000. Each Unit will consist of one (1) Common Share in the capital of the Corporation and one (1) Common Share purchase warrant (each a “Warrant”). Each Warrant will entitle the holder to acquire one (1) additional Common Share in the capital of the Company (each a “Warrant Share”) at an exercise price of \$0.12 per Warrant Share for a period of five (5) years from the closing of the Unit Private Placement.

The subscribers to the Unit Private Placement will be comprised of only the Directors, Officers and senior management of the Corporation. The Unit Private Placement shall be subject to the receipt of all necessary regulatory approvals by the Corporation. The Corporation intends to close the Unit Private Placement on or before September 15, 2017. The Common Shares and Warrants issued pursuant to the Unit Private Placement will be subject to a four month and one day hold period.

Update - China Operations

Tornado is pursuing a two pronged strategy of manufacturing and selling its industry leading, patents pending, Hydrovac truck in North America and also leveraging its unique and proprietary Chinese Hydrovac truck design by deploying a sales and service strategy customized to the Chinese excavation market. Tornado has carefully studied the Chinese Hydrovac market opportunity and determined that its Hydrovac design and features are not present. The opening of the office in Beijing and staffing it with local market experts in procurement and Chinese supply chain management and training and mentoring them with Tornado’s Hydrovac excavation experts, has confirmed that there is an untapped market opportunity in China, which is one of the largest excavation markets in the world. Tornado has developed a business plan to introduce its Hydrovac truck to the Chinese excavation market and recruited the officers and directors and employees to help execute this plan. The business plan has been enhanced to provide for exporting selected commercial parts from its Chinese supply chain at a much lower cost back to Canada to improve the profitability and competitiveness of its North American manufactured hydrovac truck. This rights offering and debt conversion will help strengthen Tornado’s capitalization to deploy the Hydrovac trucks in China as a highly specialized, excavation equipment provider, during our first phase. The second phase will be commenced as soon as the first phase is complete and Tornado has implemented its capital plan to support and penetrate the market with its strategy throughout all of China.

About Tornado Global Hydrovacs Ltd.

The Company designs and manufactures hydrovac trucks in Canada and sells hydrovac trucks for excavation service providers to the oil and gas industry and the municipal markets in Canada and the USA. Hydrovac trucks use high pressure water to pulverize soil and turn it into mud, and then vacuum up the resulting mud into its tank. Tornado currently operates in North America. The Company intends to expand its hydrovac business into China and has established a wholly owned operation in China with a head office in Beijing.

For more information about Tornado, visit www.tghl.ca or contact:

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Advisory

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Certain statements contained in this news release constitute forward-looking statements. These statements relate to future events. All statements other than statements of historical fact are forward-looking statements. The use of the words “may”, “expects”, “believes”, “anticipates” and other words of a similar nature are intended to identify forward-looking statements. These 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. Although Tornado believes these statements to be reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. Such statements include statements with respect to: (i) the closing of the Rights Offering, Common Share Private Placement, Shares Debt for Debt Transaction and Unit Private Placement and that the conditions for completion of the Rights Offering, Common Share Private Placement, Shares Debt for Debt Transaction and Unit Private Placement including regulatory approval will be met; and (ii) the expansion of the hydrovac business to China, and the results, if any, thereof, any increase in revenue and profitability of the hydrovac business and the success of any efforts in respect thereof. Actual results could differ materially from those anticipated in these forward-looking statements as a result of prevailing economic conditions, and other factors, many of which are beyond the control of Tornado. The forward-looking statements contained in this news release represent Tornado’s expectations as of the date hereof, and are subject to change after such date. Tornado disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as may be required by applicable securities regulations.