Divergent Energy Services Corp.

Management's Discussion and Analysis
As at and for the three months ended March 31, 2022 and 2021

Dated: May 11, 2022

The following is Management's Discussion & Analysis ("MD&A") of the financial condition and results of Divergent Energy Services Corp. ("Divergent" or the "Company") for the three months ended March 31, 2022 and has been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting". The Corporation's significant accounting policies under International Financial Reporting Standards ("IFRS") are included in Note 4 to the audited annual December 31, 2021 consolidated financial statements, which can be found on SEDAR at www.sedar.com. Unless otherwise noted, all financial information contained in this MD&A is expressed in thousands (000's) of United States ("US") Dollars.

This MD&A is management's assessment of the Company's operations and financial results, as well as management's view of future prospects. These assessments and views are based on certain assumptions related to future events which are uncertain. Statements related to assessments and views which are not statements of historical fact are considered to be forward-looking statements. For a discussion of the on the risks and uncertainties related to such information please refer to the "Forward-Looking Statements" at the end of this MD&A.

This MD&A is based on information available as of May 11, 2022 and was reviewed and approved by the Board of Directors on May 11, 2022.

OVERVIEW AND CORPORATE PROFILE

Divergent was incorporated under the Business Corporations Act on October 21, 1996 in the province of Alberta and is a publicly traded entity on the TSX Venture Exchange (TSX-V) under the symbol "DVG". The Company's head office is Suite 2020, 715 – 5 Avenue SW, Calgary, Alberta, T2P 2X6.

The Company's business consists of one operating segment namely Artificial Lift Systems and its products are currently sold exclusively in the US. The Company offers normal and customary trade terms to its customers, no significant part of which is of an extended nature. Special inventory requirements are not necessary, and customer merchandise return rights do not extend beyond normal warranty provisions. The market for the Company's products is highly competitive.

Artificial Lift Systems ("ALS") and Electric Submersible Pump Systems ("ESP")

ALS provides electric submersible pumping products services primarily target production operations in the oil and gas industry and are designed to lift large volumes of fluid from both oil and gas wells. Divergent currently services Wyoming and Colorado from its facility in Gillette, WY.

EXECUTIVE SUMMARY

Divergent successfully completed its financial restructuring early in the first quarter of 2021, bringing the Company back to positive working capital at the end of the first quarter of that year. 2021 also saw an improvement in working capital driven by the forgiveness of the Paycheck Protection Program loan. Quarterly revenue in Q1 2022 continues to be better than the prior eight quarters as our customers have benefited from improved prices for oil and natural gas, and the return to standard business operations following a year of COVID-19 restrictions, both of which have allowed them to bring more wells back into production. Overall operating performance continued to improve in the first quarter of 2022 as the Company was able to increase customer pricing so as to recover most of the increased supply chain costs it incurred in 2021. These increased product costs and shipping expenses had eroded margins throughout 2021. Management continues to work with clients and suppliers to address and overcome the uncertainties within the global supply chain.

2022 First Quarter Highlights

- The Company posted its eighth consecutive quarter of revenue growth earning $2.6 million of revenue in the first quarter of 2022.
- Adjusted EBTIDA of $371 thousand in the first quarter of 2022 represents the sixth consecutive quarter of positive adjusted EBITDA.
- Balance sheet continues to be strong with positive working capital of $392 thousand.

Selected Financial Information

The following table provides a brief summary of the Company's financial results. For more detailed information, refer to the Company's unaudited condensed consolidated interim financial statements.

	Q1 2022	**Q1 2021**	**Q1 2020**
Revenue	**$2,616**	$1,721	$1,764
Net income	**11**	2,247	192
Adjusted EBITDA	**371**	62	264
Per share – basic and dilutive (cents per share)	**-**	0.08	0.02
Total assets	**2,926**	2,943	2,989
Total non-current financial liabilities	**3,012**	3,363	3,977
Total shares outstanding	**33,004,912**	33,004,912	12,006,260

Overall analysis of financial operations

A significant majority of the Company's sales are generated from one customer which is focused on producing natural gas from coal bed methane ("CBM") wells in the Powder River Basin. In collaboration with this customer, the Company employs an ESG strategy of refurbishing and re-using certain product components thereby extending the useful lives of its products. The level of activity with this CBM customer increased during the most recent three quarters in response to strong natural gas prices. Other than the short-term negative market impacts of COVID-19 felt in 2020, activity levels both before and after this pandemic have been relatively consistent.

The energy services industry is experiencing a rebound in activity levels, and as such the Company has recently been able to increase prices for its products and services. During the first quarter of 2022 the Company was able to recover most of the supply chain cost increases that it was unable to pass on to customers during most of 2021.

OUTLOOK

The continued strength of oil and gas commodity prices has resulted in the return of quarter after quarter of sustained activity. As the market forecast for oil and gas commodity prices continues to be strong, submersible pump sales across the United States should continue to be robust for at least the next 12 months as customers are expected to optimize production using commodity price hedges to ensure revenue certainty. The amount of work available for the Company over the next twelve months is also dependent on how each client makes its internal decisions for the allocation of its capital, be it improving its balance sheet by way of paying down debt or increasing production through investment in field operations.

Our customer base in Wyoming is demonstrating a renewed urgency in returning wells to production. The Company's largest client has indicated that, based on its commodity price assumptions, it intends to continue its CBM ("Coal-bed Methane") workover program for the next 12 months at a pace which may exceed that experienced during the previous three quarters, barring interruptions due to weather, supply chain or labour limitations.

The improved commodity pricing experienced by Divergent's oil and gas customers has yet to translate into increased drilling activity despite its customers' improved balance sheet positions. Currently the number of drilling rigs operational in Wyoming is less than half the number seen pre-COVID 2019.

The positive commodity pricing trends the industry is currently experiencing is in part caused by a structural shortfall in supply which will be difficult for the industry to overcome for some time. As a result, the demand for energy services and the ability for the sector to improve over the next few years is seen as highly likely. In this environment the Company intends to seek and evaluate strategic growth opportunities to both diversify its product offerings and drive continuous margin improvements.

OPERATING RESULTS:

Revenue, costs of sales and gross profit

			Variance	
	Q1 2022	**Q1 2021**	**$**	**%**
Revenue	**$2,616**	$1,721	895	52
Cost of sales	**(1,908)**	(1,283)	(625)	49
Provision for slow moving inventory	**-**	124	(124)	(100)
	(1,908)	(1,159)	(749)	65
Gross profit	**$708**	$562	146	26
Gross margin (excluding inventory provision) - %	**27%**	25%		

Revenue

The Company's revenue is reliant on industry activity in the areas it services, demand for its specific products, and market prices for oil and gas that dictate our customers' operating budgets. The prices for oil and gas are subject to global and domestic influence and cannot be reliably predicted. Our clients' operating budgets are adjusted throughout the year based on how the actual prices relate to their price assumptions. The demand for services is relatively consistent throughout the year as CBM production requires constant water pumping to maintain the value of the field, although activity levels may vary depending on severe weather or national holidays. Clients replace ESPs on an as needed basis and these replacements are contingent on client's internal budgets. The overall industry demand is not seasonal.

Revenues in Q1 2022 exceeded Q1 2021 by 52% due to 2021 activity levels just beginning to improve after the start of the COVID-19 pandemic and its negative affect on the business environment.

The overall client mix in Q1 2022 was generally consistent with Q1 2021 with approximately 90% of revenue attributable to one client during both years. The Company's oil customers in Wyoming and Colorado started to increase their operating budgets to increase production late in Q4 2021 in response to the increase in oil prices and it is anticipated this will continue throughout the remainder of 2022.

Cost of Sales

The Company experienced lower cost of goods sold as a percentage of sales during Q1 2022 compared to Q1 2021, mostly attributable to the slight improvement in job mix between the use of new and refurbished products and oil jobs versus CBM jobs. The logistics and supply chain issues that have arisen due to COVID-19 are being experienced globally and has meant that the Company has had to source from alternative suppliers to meet customer demand for services. During the last two quarters of 2021, the Company was experiencing both increased pricing from core suppliers and less competitive pricing from alternative suppliers. The Company also continues to implement and refine initiatives to reduce both fixed and variable costs and ensure its structure is streamlined and efficient.

Gross Profit and Margins

Despite historic challenges with fluctuating commodity prices, the Company remains confident in the long-term viability of the oil and gas basins within its service region, and its ability to effectively service its clients. In respect to oil clients' activity, where the Company normally achieves higher revenues per job and higher margins due to the nature of the work, the volume of business was above expectations in Q1 2022 as many of the customers began to return to more normal levels of operations.

Gross margin excluding inventory provisions was 27% in Q1 2022 compared to 25% for Q1 2021. This can be attributed to the higher percentage of oil revenue in Q1 2022 which historically has higher margins than CBM revenue.

General and administration

			Variance	
	Q1 2022	**Q1 2021**	**$**	**%**
Salaries, benefits and employee costs	**$231**	$250	(19)	(8)
Director fees	**14**	14	-	-
Consultants and contractors	**44**	39	5	12
Office, insurance, warehouse and shop	**84**	79	5	6
Corporate and public company	**10**	41	(31)	(76)
Travel and accommodation	**4**	-	4	100
Professional, legal & advisory	**19**	23	(4)	(17)
	$406	$446	(40)	(9)

General and administration costs during Q1 2022 were lower compared to Q1 2021. As Corporate and public company costs were significantly less in Q1 2022 compared to Q1 2021 due to the share consolidation and related fees incurred with that transaction in the first quarter of 2021.

Finance income (expense)

	Q1 2022	Q1 2021
Interest expense on debentures	**($28)**	($47)
Accretion of debentures	**(23)**	(142)
Gain on restructuring of debentures	**-**	418
Interest expense on promissory notes	**(56)**	(62)
Accretion of promissory notes	**(40)**	(42)
Interest expense on government loans	**(1)**	(2)
Accretion of government loans	**(1)**	(8)
Lease finance expense	**(2)**	(2)
Fair value adjustment on share issue	**-**	2,157
Foreign exchange loss	**(126)**	(136)
Net finance (expense) income	**($277)**	$2,134

A foreign exchange loss of $126 was recorded in Q1 2022 compared to a loss of $136 in Q1 2021. Foreign exchange losses relate to foreign currency translation of certain balances and intercompany amounts associated with the Company's wholly owned foreign subsidiaries pursuant to IAS 21. A substantial portion of these gains and losses is offset by the recording of $113 in Q1 2022 (Q1 2021 - $91) of Other Comprehensive Income.

Commitments, events, risks and uncertainties

As of the date of issuing this MD&A, the oil and gas market continues to deal with the supply chain disruptions, uncertainty of the COVID-19 pandemic, and global political instability resulting in possible impacts on the general business environment such as international trade, transportation, movement of people and goods, and cost of doing business. The Company continues to monitor the impact these risks to take the necessary steps to reduce the risk to the Company's operations.

Capital spending

The Company does not have any active capital development projects ongoing and does not have any significant planned capital spending during 2022.

Adjusted EBITDA

The Company monitors earnings before interest, taxes, depreciation and amortization ("EBITDA") as a measure of cash flow available to the Company to grow the business. EBITDA is a non-GAAP / Non-IFRS measure and is adjusted to eliminate non-cash items included in earnings. A reconciliation of Net Income disclosed in the Consolidated Statements of Net Income and Comprehensive Income to Adjusted EBITDA is set out in the following table:

	Q1 2022	Q1 2021
Net income	**$11**	**$2,247**
Finance (income) expense	**277**	**(2,134)**
Share-based compensation	**12**	**1**
Depreciation and amortization	**49**	52
Provision for slow moving inventory	**-**	**(124)**
Lease finance expense included in cost of sales	**22**	20
Adjusted EBITDA	**$371**	**$62**

Share-based compensation

The Company has an established share-based compensation plan to allow certain officers, directors, employees and consultants to acquire common shares of the Company. A total of 10% of the Company's shares outstanding are reserved for the issue of share-based options pursuant to the plan. During Q1 2022 share-based compensation of $12 (2021 - $1) was recognized in the statement of net income (loss) and comprehensive income with a corresponding amount in contributed surplus. Share-based options are issued in CAD $.

All outstanding and exercisable options, as well as the weighted average exercise prices, in the following table reflect the Share Consolidation as described in Note 2.

Continuity of share-based options	Number of options	Weighted average exercise price (CAD $)
Balance, December 31, 2021	2,777,000	$0.22
Cancelled	-	-
Forfeited	-	-
Granted	575,000	0.12
Expired	(104,000)	0.19
Balance, end of year	**3,248,000**	**$0.15**

All outstanding and exercisable options, as well as the weighted average exercise prices, in the following table reflect the Share Consolidation as described in Note 2.

The number of options exercisable at March 31, 2022 is 215,800 (December 31, 2021 – 244,000) at a weighted average exercise price of CAD $1.52 (December 31, 20210 – CAD $1.75). The weighted average remaining term for exercisable options is 0.68 years (December 31, 2021 – 0.58 years).

The Company granted 575,000 options on March 23, 2022 with a weighted average exercise price of CAD $0.12 and 2,500,000 options on May 17, 2021 with a weighted average exercise price of CAD $0.075. Both grants were valued using the Black-Scholes model with the following assumptions:

Expected volatility	85%
Expected forfeiture	15%
Risk-free rate	0.79%
Expected stock option life	5 years

SUMMARY OF QUARTERLY RESULTS

The following table summarizes key financial and operating information prepared in accordance with IFRS for the three months ended:

	Q1 2022	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**	**Q3 2020**	**Q2 2020**
Revenue	**$2,616**	$2,465	$2,185	$1,991	$1,721	$1,447	$743	$378
Net income (loss)	**11**	(41)	564	(308)	2,247	889	(86)	(866)
Net income (loss) per share								
Basic – per share	**$-**	($0.01)	$0.02	($0.01)	$0.08	$0.05	$-	($0.06)
Diluted – per share	**$-**	($0.01)	$0.02	($0.01)	$0.08	$0.05	$-	($0.06)
Adjusted EBITDA[(1)]	**$371**	$165	$534	$6	$62	$13	($130)	($217)

(1) Prior quarters adjusted for classification change

OUTSTANDING SECURITIES

The Company is authorized to issue an unlimited number of voting common shares.

At the special meeting of shareholders held on December 28, 2020, shareholders approved the Debenture Settlement and approved consolidation of the common shares of the Company on the basis of one (1) post-consolidation share for up to every ten (10) pre-consolidation shares outstanding (“Share Consolidation”). Approval of these transactions were subject to final approval by the TSXV which was received January 19, 2021. The Company’s common shares commenced trading on the exchange on a post-consolidation basis at the open of the market on January 19, 2021.

Following the Share Consolidation, the total number of issued and outstanding common shares was 18,629,912. An additional 14,375,000 (post-consolidation) common shares were issued on January 20, 2021 on the Debenture Settlement which were subject to a four month hold period before being fully tradable.

As at the date of this MD&A, the Company has 33,004,912 common shares issued and outstanding, 2,777,000 options and 2,875,000 warrants.

Warrants

On January 21, 2021, the Company issued 2,875,000 post-consolidation common share purchase warrants, exercisable at CAD $0.30 (post-consolidation) and expiring January 21, 2023. Utilizing the Black Scholes valuation model, the additional value calculated and attributed to these newly issued share purchase warrants was $99 (CAD $125).

On January 1, 2018, the Company issued 575,000 (5,750,000 pre-consolidation) common share purchase warrants, exercisable at CAD $1.30 (post-consolidation) and expiring December 31, 2021.

LIQUIDITY AND CAPTITAL RESOURCES

The Company had cash balances of $557 as at March 31, 2022 and $607 as at December 31, 2021.

Cash generated from operating activities in Q1 2022 was $117 compared to $545 during Q1 2021. The changes in non-cash working capital items in Q1 2022 include a decrease in prepaid expenses, deposits and advances of $22, an increase in trade receivables of $131, a decrease in inventories of $68, a decrease in accounts payable and accrued liabilities of $158, and a decrease in interest payable of $13.

During Q1 2022, the Company's primary customer maintained payment terms on sales invoices at approximately 45 days.

The Company has an accumulated deficit of $26,775 at March 31, 2022. In Q1 2022, the Company generated net income of $11 and had positive working capital at March 31, 2022 of $392. The Company is in compliance with all of the requirements of the indenture agreements relating to the debentures at the date of this MD&A.

At December 31, 2020, the Company had debentures payable with a face value of $4,516 (CAD $5,750) which were to mature on December 31, 2021. On December 11, 2020, the Company received approval from the debenture holders to convert 75% of the principal amount outstanding, CAD $4,313, into common shares of the Company on a one-time pro-rata basis at the price of CAD $0.30 (post-consolidation) per common share (the "Debenture Conversion") and extend the maturity date of the remaining 25% of the principal amount outstanding, $1,143 (CAD $1,437), to December 31, 2025. On January 19, 2021 the Company received TSXV approval, and the Debenture Conversion took place on January 20, 2021.

On January 19, 2021, the Company received approval from the TSXV to issue 14,375,000 (post-consolidation) common shares on the conversion of the CAD $4,313 face value of debentures into common stock of the Company at a price of CAD $0.30 (post-consolidation). The Debenture Settlement took place on January 20, 2021.

On January 20, 2021, the Company executed the 5th supplemental indenture agreement extending the maturity date of $1,129 (CAD $1,437) of the debentures from December 31, 2021 to December 31, 2025. As consideration for the extending the maturity date of the debentures, the Company issued two (2) warrants, each having an exercise price of CAD $0.30 (post-consolidation) and a term of two (2) years, for every dollar value of the principal amount of the debentures being extended resulting in the issue of 2,875,000 new warrants.

At March 31, 2022, the Company has Canadian Dollar denominated debentures outstanding of CAD $1,437 (December 31, 2021 – CAD $1,437) with an equivalent face value of $1,150 at the March 31, 2022 exchange rate (December 31, 2021 - $1,134). The debentures bear interest at 10% per annum, are secured by a trust indenture and a general security agreement over all of the assets of the Company and mature on December 31, 2025. Pursuant to the second supplemental indenture, the Company has the option to pay the debenture interest in either cash or common shares up to and including at the maturity of the debentures on December 31, 2025.

The holders of the debenture have cooperated with a number of amendments to the terms of the indenture which have allowed the Company time to continue its efforts to grow and generate sufficient cash flow to pay the interest and the principal. In 2021 and the first quarter of 2022, the Company made payment of debenture interest in cash.

WORKING CAPITAL ANALYSIS

Inventory

The Company sells goods and services to two distinctly different customer groups:

a) CBM clients. The Company's main customer has CBM gas wells so a majority of the inventory on hand, at any given time, is for ultimate delivery/sale to this customer and is suited to their wells. The CBM inventory is primarily supplied by one vendor who warehouses product in sufficient quantities to meet the Company's objectives. This vendor works closely with the Company's local management to identify monthly replenishment orders, which take a minimum of 90 -120 days to source from overseas.

b) Oil and gas clients. The Company's expansion strategy targets new non-CBM focused customers operating in geographic areas within and adjacent to the current service area. Product requirements vary from well to well and from basin to basin. The Company has a limited range of inventory for this type of work as compared to its CBM inventory. Opportunities are accepted or declined based whether the Company has access to the specific product required. ESP products used in oil and gas are typically manufactured overseas and require a minimum of 90 – 120 days for delivery, and since this type of work is awarded with minimal notice, the Company would decline work if it did not have the product inventory or could not source it from competitors (noting it is not unusual in the industry for products to move between competitors at a premium).

The value of inventory on hand, before provisions, decreased from $1,131 at December 31, 2021 to $1,063 at March 31, 2022. The increased level of activity during the quarter and a focus on utilizing inventory on hand led to the decrease. The provision for slow moving inventory has remained consistent, with $420 being provided for at both March 31, 2022 and December 31, 2021.

Trade receivables

Throughout Q1 2022, the Company's main customer maintained its payment terms at effectively 45 days and the Company expects payment terms to remain at approximately 45 days for the remainder of 2022, which is consistent with the year ended December 31, 2021. All invoiced revenue is not in dispute and the Company is confident payments will continue to be made over an extended period of time with minimal risk of loss.

Accounts payable

The Company has matched its terms of payments with its main supplier of CBM equipment to coincide with collection of the Company's receivables.

CONTRACTUAL OBLIGATIONS AT MARCH 31, 2022

The following is a maturity analysis of the Company's undiscounted financial obligation:

	Less than three months	Three months to one year	Beyond one year	Total
Accounts payable and accrued liabilities	**$1,047**	**$233**	**$-**	**$1,280**
Lease obligations	**42**	**138**	**300**	**480**
Debentures	**-**	**-**	**686**	**686**
Interest payable	**15**	**155**	**-**	**170**
Promissory notes	**67**	**201**	**1,999**	**2,267**
Government loans	**-**	**-**	**27**	**27**
	$1,171	**$727**	**$3,012**	**$4,910**

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Transactions and balances with related parties were in the normal course of operations and measured at fair value. Related parties include members of the board of directors and executive management.

Certain directors and officers of the Company have provided debentures to the Company which are denominated in Canadian Dollars. At March 31, 2022, the CAD $1,437 (December 31, 2021 – CAD $1,437) face value of the debentures includes $275 (CAD $344) (December 31, 2021 – $271 (CAD $344)) due to directors and officers of the Company. Interest accrues at 10% per annum. All interest expense incurred during the first quarter of 2022 was paid during the quarter. At March 31, 2022, accounts payable and accrued liabilities includes $80 (December 31, 2021 - $126) owing to directors and officers of the Company relating to accrued compensation.

	Q1 2022	**Q1 2021**
Debentures (carrying value)	**$164**	$142
Interest payable on related party loans	**$-**	$-

CONTINGENCIES

From time to time, the Group is subject to legal proceedings, assessments and claims in the ordinary course of business. At this time, in the opinion of management, there are no ongoing matters.

BUSINESS RISKS AND UNCERTAINTIES

Divergent faces a number of risks that could cause our actual results to differ materially from those disclosed in this MD&A (See note regarding "Forward-Looking Statements"). Investors and the public should carefully consider our business risks, other uncertainties and potential events as well as the inherent uncertainty of forward-looking statements when making investment decisions with respect to Divergent. Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also adversely affect the Company's business and operations.

Impact of COVID-19

The extent to which COVID-19 impacts the overall future business environment and the resulting impact on Divergent's results are highly uncertain and cannot be predicted. COVID-19 may impact the measurement of fair value for certain financial statement items, however, whether an adjustment is required depends on the timing of the impact to an item's fair value. The Company tests its non-financial assets for recoverability whenever events or changes in circumstances indicate that a non-financial asset's carrying amount may not be recoverable.

CAPITAL MANAGEMENT

The Company's objective when managing its capital is to strike a balance between maintaining investor, creditor and market confidence while sustaining future development of the Company. Capital, which the Group defines as its share capital and debt, is monitored on a basis of the debt-to-capitalization ratio. For the purposes of this calculation, debt includes current and long-term portions of borrowed funds, including debentures. The Group's objective when managing its capital is to strike a balance between maintaining investor, creditor and market confidence while sustaining future development of the Group.

The Company's existing debt agreements do not require maintenance of any financial ratios. There were no changes to the Company's approach to capital management during the period ended March 31, 2022. The Company is not subjected to any internally or externally imposed capital requirements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company prepares its consolidated financial statements in accordance with IFRS. In preparing its consolidated financial statements, management is required to make various estimates and judgments in determining the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of commitments and contingencies. Management bases its estimates and judgments on its own experience and various other assumptions believed to be reasonable at the time and under the circumstances in existence when the consolidated financial statements were prepared. Anticipating future events cannot be done with certainty; therefore, these estimates may change as new events occur, more experience is acquired or the Company's operating environment changes. More detailed information regarding the accounting estimates believed by management to require the most difficult, subjective or complex judgments and which are material to the Company's financial reporting results are discussed in the Company's consolidated financial statements for the year ended December 31, 2021.

FINANCIAL AND OTHER INSTRUMENTS

Recognition and measurement

Financial instruments are any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognized initially at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table lists the Company's financial instruments and its category of method of measurement subsequent to initial recognition:

Cash	Fair value
Trade receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Related party loans	Amortized cost
Lease obligations	Amortized cost
Promissory notes	Amortized cost
Government loans	Amortized cost
Debentures	Amortized cost

Impairment

Financial assets classified as measured at amortized cost reflect the Company's assessment of expected credit losses ("ECL"). ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. Expectations reflect historical credit losses, adjusted for forward looking factors.

The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition of the asset. If there has not been a significant increase in credit risk, the ECL provision is based on expectations for the next twelve months. If there has been a significant increase in credit risk, the provision is based on expectations for the remaining lifetime of the asset.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements" or "forward-looking information" within the meaning of the applicable securities legislation (collectively, "forward-looking statements"). The statements relate to management's expectations about future events, results of operations and the Company's future performance (both operational and financial) and business prospects. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements can be identified by words such as: "anticipate," "intend," "contemplate," "continue," "propose," "predict," "plan," "goal," "seek," "believe," "project," "forecast," "pursue," "potential," "objective," "estimate," "expect," "strategy," "future," "likely," "might," "may," "shall," "should," "could," "will," "capable," and similar references to future periods. The 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. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. Unless otherwise indicated, the statements speak only as of the date of this MD&A. In addition, this MD&A may contain forward-looking statements and forward-looking information attributed to third-party industry sources.

In particular, this MD&A contains the following forward-looking statements pertaining to, without limitation, the following: the Company's future business operations and activities and the timing thereof; the future liquidity and financial capacity of the Company; and its ability to fund its working capital and corporate development opportunities.

With respect to the forward-looking statements contained in this MD&A, the Company has made assumptions regarding: the ability to raise capital; the continued availability of capital; the ability to obtain financing on acceptable terms; Divergent's ability to successfully execute its plans and intentions including its ability to identify and acquire or participate in future business opportunities.

The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. The statements speak only as of the date of this MD&A. The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors. For a detailed discussion of the risk factors, please see heading "Risks and Uncertainties". Readers are cautioned that the list of risk factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The forward-looking statements contained in this document speak only as of the date of this document and the Company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

Corporate Information – as at May 10, 2022

DIRECTORS AND OFFICERS

Kenneth Bagan (1) (2) (3) (5)
Director

Cameron Barton (2)
Executive Chairman of the Board

Don Luft (2)(4)
Director

Rob Riecken (1) (3) (4)
Director

Geoff Bury(1) (3)
Director

Ken Berg (4)
Chief Executive Officer
President, Director

Ken Olson
Chief Financial Officer

(1) Member of the Audit Committee, Mr. Bury is Chairman
(2) Member of the Governance and Nominating Committee, Mr. Bagan is Chairman
(3) Member of the HR and Compensation Committee, Mr. Riecken is Chairman
(4) Member of the Health, Safety and Environment Committee, Mr. Luft is Chairman.
(5) Mr. Bagan is Lead Director

All members of the Board of Directors are independent with the exception of Mr. Berg and Mr. Barton.

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