DIRTT ENVIRONMENTAL SOLUTIONS

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2017

March 21, 2018

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ADVISORY

In this Annual Information Form ("AIF"), unless otherwise specified or the context otherwise requires, references to "we", "us", "our", "its", "the Company" or "DIRTT" mean DIRTT Environmental Solutions Ltd. and where the context so requires includes its subsidiaries. Except as otherwise indicated, the information contained in this AIF is current as of December 31, 2017.

FORWARD-LOOKING INFORMATION

This AIF contains certain forward-looking statements and other information (collectively, "forward-looking information"). Any statements relating to future events or performance (typically identified by the words "anticipate", "believe", "expect", "estimate", "intend", "plan", "project", "outlook" and other similar expressions) are not historical facts and may be forward-looking information. Forward-looking information is based on certain estimates, beliefs and assumptions made in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that may be appropriate in the circumstances. Forward-looking information necessarily involves unknown risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed or implied in such information. Readers are therefore cautioned not to place undue reliance on forward-looking information.

In particular and without limitation, this AIF contains forward-looking information pertaining to the following:

- our competitive advantages;
- comments with respect to our revenue, objectives and priorities for 2018 and beyond;
- project timetables;
- the anticipated use of our credit facilities;
- our growth strategies and opportunities;
- our ability to meet working capital requirements and financial obligations; and
- our outlook for our operations in light of the Canadian, United States (the "US") and international economies, and in particular, the US and Canadian construction industry.

The forward-looking information in this AIF is based on a number of assumptions, risks and uncertainties, some of which are specific to the Company and others that apply to the industry in general. The assumptions on which the forward-looking information is based include:

- our ability to manage our growth;
- competition in our industry;
- our ability to enhance current products and develop and introduce new products;
- our ability to obtain components and products from suppliers on a timely basis and on favorable terms;
- our ability to obtain qualified staff and equipment in a timely and cost-efficient manner;
- the regulatory framework governing taxes in Canada, the US and any other jurisdictions where we currently or may do business in the future;
- future development plans for our assets unfolding as currently envisioned;
- future capital expenditures to be made by us;

- future sources of funding for our capital program; and
- our success in identifying risk to our business and managing such risks.

The risk factors and uncertainties that could cause the Company's actual results or outcomes to differ materially from those expressed in the forward-looking information include:

- maintaining and managing growth;
- history of losses;
- risks related to new technology;
- competition risks;
- operating results and financial condition fluctuations on a quarterly and annual basis;
- risks related to intellectual property;
- risks related to additional capital requirements;
- customer base and market acceptance;
- software and product defects and design risks;
- availability of key supplies;
- dependence on key personnel;
- changes in company's management;
- commodity price risk;
- credit risk;
- the effect of government regulation;
- risks related to physical facilities;
- legal risks;
- foreign currency and fiscal matters;
- risks related to future acquisitions;
- risks related to forward-looking information;
- reliance on third parties; and
- conflicts of interest.

Readers are cautioned that the foregoing lists are not exhaustive and are made as of the date hereof. For a full discussion of the Company's material risk factors, see ""Risk Factors"" in this AIF. Except as required by law, the Company does not undertake to update any forward-looking information whether as to new information, future events or otherwise.

MARKET AND INDUSTRY DATA

Certain market and industry data contained in this AIF is based upon information from government or other third-party publications, reports and websites or based on estimates derived from such publications, reports and websites. Government and other third-party publications and reports do not guarantee the accuracy or completeness of their information. While management of the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data- gathering process, and other limitations and uncertainties inherent in any statistical survey.

CORPORATE STRUCTURE

DIRTT was incorporated under the *Business Corporations Act* (Alberta) on March 4, 2003, commenced operations in February 2004 and began commercial sales in May 2005. The Articles of Incorporation of the Company have been amended and restated as follows: (i) on January 28, 2005, to remove share transfer restrictions and private company restrictions; (ii) on January 27, 2006, to add a conversion right to holders of existing class A common shares of the Company and to add an unlimited number of class D common shares to its authorized capital; (iii) on December 20, 2006, to change the rights, privileges, restrictions and conditions attached to the class A common shares of the Company, and to cancel the authorized but not issued class D common shares of the Company; (iv) on February 1, 2007, to change all outstanding class B common shares of the Company into the same number of class A common shares of the Company, to change the designation of class A common shares of the Company to common shares of the Company ("Common Shares") and class C preferred shares of the Company to preferred shares of the Company and to cancel the authorized but not issued class B common shares of the Company; (v) on March 15, 2011, to change the rights, privileges, restrictions and conditions attached to the Common Shares, to add 7,333,333 preferred shares to its authorized capital and to cancel the authorized but not issued preferred shares of the Company (as then constituted); and (vi) on May 14, 2014, to remove the preferred shares from its authorized capital. On September 29, 2012, the Company amalgamated with Spider Agile Technology Inc. (and dissolved the latter's shareholder, Agile Data Technologies Inc.)

The Company's head office is located at 7303 - 30 Street S.E., Calgary, Alberta, T2C 1N6, and its registered office is located at 4600, 525 - 8 Avenue S.W., Calgary, Alberta, T2P 1G1.

INTERCORPORATE RELATIONSHIPS

DIRTT's subsidiaries, including their jurisdiction of incorporation and DIRTT's interest therein (direct or indirect), are as follows:

Subsidiary	Ownership Interest	Jurisdiction of Incorporation
DIRTT Environmental Solutions, Inc.	100%	Colorado, US
Ice Edge Business Solutions Ltd.	100%	Alberta, Canada
Ice Edge Business Solutions, Inc.	100%	Delaware, US
DIRTT Environmental Solutions Ltd.	100%	England and Wales

GENERAL DEVELOPMENT OF THE BUSINESS

OVERVIEW OF DIRTT'S BUSINESS

With its industry-leading software and advanced manufacturing practices, DIRTT provides a unique, end-to-end solution for the inefficient and fragmented interior construction industry. The goal is to create engaging, well-designed, mass-customized, sustainable, high-quality spaces faster, more efficiently and with a better overall customer experience than traditional construction methods allow. DIRTT stands for "Doing It Right This Time". Underpinned by an entrepreneurial and client-focused culture, DIRTT's name reflects our mandate of offering a better way to build by placing as much value on the environment and people as we do on flexible, functional, high-quality design and construction.

INDUSTRY TRENDS

Construction is a major global industry. In the US alone, the value of construction put in place (i.e., installed on site) in 2017 was $1.23 trillion, of which US$710 billion was attributable to non-residential construction and US$523 billion was attributable to residential construction.[1] This includes both new building and renovation projects and non-building structures. FMI Corporation, a consulting firm specializing in engineering and construction, infrastructure and the built environment, forecasts that 2018 construction spending in the US will be 5% greater than 2017 (which itself was an increase of 4% from 2016 levels).[2] Primary growth segments are expected to include office, commercial and residential.

FMI also posits a resurgence in offsite construction, (i.e., prefabrication, modularization and pre-assembly), attributable in part to labour shortages, prioritization of low costs and resource efficiency, increased project complexity and tight schedules.[3] Construction Dive, aided by Dodge Data & Analytics, identified the increase of offsite construction as a top trend to watch in 2018.[4] Other trends include the limited supply of skilled labour and the increased use of technology and automation, including augmented reality and virtual reality.

THREE-YEAR HISTORY

The following table outlines the significant events that have impacted DIRTT's business during the last three financial years.

Year	People, Awards and Accolades	Technology and Solutions	Manufacturing, Distribution and Sales	Financings and Acquisitions
2017		Residential interiors and timber frame construction initiatives are launched.		
	Barrie Loberg is named one of Fast Company's most creative people in business.	DIRTT launches multi-user virtual reality app, called ICEreality™.	DIRTT expands its distributed sales partner network to Singapore, Mexico and India.	Toronto Stock Exchange ("TSX") approves DIRTT's normal course issuer bid to purchase up to 10% of the public float of shares.
		DIRTT introduces the Leaf ™ mechanism – DIRTT's sustainable solution to the folding wall.	DIRTT enters into a significant contract for an international company with multiple locations.	

[1] US Census Bureau (https://www.census.gov/construction/c30/historical_data.html)
[2] 2018 FMI Overview.
[3] ""Moving from Offsite Construction to Smarter Project Execution"", FMI Quarterly Issue Four, 2017.
[4] https://www.constructiondive.com/news/8-construction-trends-to-watch-in-2018/514284/

Year	People, Awards and Accolades	Technology and Solutions	Manufacturing, Distribution and Sales	Financings and Acquisitions
		DIRTT announces its development of a flexible medical gas application, the first of its kind for the healthcare industry, with release in 2018.	DIRTT surpasses $293 million in annual sales.	
2016	International Business of the Year Award – Medium Company – Governor's International.	DIRTT unveils its "Mixed Reality" (ICErealityTM). This game-changing development overlays virtual reality on to the real word. The 3D design of a proposed interior space is placed into the real environment.	DIRTT surpasses $267 million in annual sales.	DIRTT adds a new capital financing facility of US$10.0 million in March of 2016 and was subsequently fully drawn by the end of the year.
		ICE® software, ICE 1.1 for SAP® ERP, achieved certified integration with the SAP ERP application.	DIRTT expands manufacturing in Calgary with an additional 199,000 sq. ft. of leased space.	
			DIRTT opens a Green Learning Centre in London, England.	
2015	DIRTT's EnzoTM Approach wins Canadian Green Building Council 2015 Green Building Product of the Year Award.	DIRTT enters into a strategic collaboration with Corning Incorporated to bring Corning® Willow® Glass to DIRTT's suite of interior construction solutions.	DIRTT surpasses $235 million in annual sales.	DIRTT completes a bought deal financing for gross proceeds of $43.2 million.

On January 2, 2018, DIRTT announced a senior management transition and changes to the Board of Directors (the "Board"). Scott Jenkins, President and Interim CFO, departed the Company. Mogens Smed, founder and CEO of the Company, was appointed to an Executive Chairman role. Michael Goldstein was brought in as the Interim President and CEO, and Peter Henry was brought in as the

Interim CFO. Steve Parry, Chairman of the Board, transitioned to the role of independent Lead Director. The changes were made after significant consideration and due diligence by the Board.

DESCRIPTION OF THE BUSINESS

DIRTT is a building process powered by technology. We offer a comprehensive interior construction solution that addresses the challenges commonly associated with traditional interior building methods. Our solutions are comprised of DIRTT Walls, DIRTT Power, DIRTT Networks, DIRTT Millwork, DIRTT Ceilings, DIRTT Flooring, DIRTT Timber and related complementary offerings (collectively, the "**DIRTT Solutions"** or "**Solutions**").

DIRTT SOLUTIONS

Below is a brief description of the DIRTT Solutions.

DIRTT Walls	Pre-fabricated, customized interior wall solutions that support new and legacy furniture and can support integrated technology for commercial, healthcare, education, hospitality and residential applications.
DIRTT Power	Quick-connect, pre-tested adaptable power solutions which are pre-fabricated to arrive on-site in correct lengths with factory components ready to go, which eliminates waste and provides future flexibility.
DIRTT Networks	Pre-fabricated, pre-tested and componentized approach to building sustainable network infrastructure. DIRTT includes Passive Optical Network capabilities within its suite of solutions. This networking solution uses single mode fiber cables instead of traditional copper cables. Similar to DIRTT Power, data infrastructure components arrive on the job site pre-cut to correct lengths and with components ready to go.
DIRTT Millwork	Fully customized modular cabinetry that works for any application including healthcare, corporate, education, hospitality and residential. DIRTT Millwork integrates seamlessly with DIRTT Walls and other solutions.
DIRTT Floors	DIRTT's low-profile access floor supports modular power and network infrastructure, which in turn provides flexibility for future adaptation and reconfiguration in both existing facilities and new buildings.
DIRTT Ceilings	Pre-fabricated custom ceilings that integrate with DIRTT Wall solutions (or on their own), increase speech privacy and reduce noise.
DIRTT Timber	Pre-fabricated timber construction for interior mezzanines, structural elements for low-rise buildings and other architectural elements that integrate with DIRTT Walls and other solutions. Completely customized cross-laminated timber and glulam timber solutions.

ICE® SOFTWARE

DIRTT's manufacturing approach is built on a foundation of technology, the centre of which is our proprietary ICE® Software ("**ICE**" or "**ICE Software**"). We use ICE to communicate, present, design, visualize, configure, price, engineer, specify, order and manage projects. ICE allows us to address the challenges associated with traditional construction, including cost overruns, inconsistent quality, delays and significant material waste. Simply put, ICE allows DIRTT to "Wow, Win and Deliver":

"Wow" - ICE creates a 3D model using live data, allowing clients to "fly through" a space at any time during the design process, with any adjustments reflected dynamically. We believe this fly-through experience is unique in the industry and ensures all parties understand exactly what the client is getting. The use of 3D video game-style technology in a design environment is proprietary to DIRTT. We believe this proprietary design feature and our other numerous patents are crucial to our business and underlie our success. We have further enhanced ICE's capabilities by integrating it with Virtual Reality and Augmented (Mixed) Reality technologies.

"Win" - We believe ICE provides us with a key competitive advantage to winning construction projects because it removes many of the uncertainties associated with the conventional construction process. We believe ICE's product specification ability, combined with its ability to instantly engineer, create shop drawings and price quotes, are revolutionary in the industry. ICE automates other areas of the sales and manufacturing process as well, including product inventory and cataloguing, price quotation, order submission, parts manufacturing and production management.

"Deliver" - Once we are awarded a project, ICE lets us rapidly manufacture custom DIRTT Solutions. The project-specific data created in ICE is conveyed directly to Computer Numerically Controlled (CNC) machines, reducing lead times and deficiency rates. We allocate production among our manufacturing facilities based on proximity and capacity. Regardless of which DIRTT facility or facilities ultimately manufacture project components, ICE has been designed to ensure consistency of production results.

ICE is used throughout the sales process, ensuring consistency with all clients. We begin manufacturing custom DIRTT Solutions once an ICE file is generated and a purchase order is received. ICE allows an entire project to be tracked and managed across the chain of custody through sales, production, delivery, and installation. The ICE file (containing all of a project's engineering and manufacturing data) generated during the design and specification process can be used for optimizing future reconfigurations, renovations, technology integration initiatives and changes to a client's space. As of December 31, 2017, we have invested more than $35.1 million (2016 - $29.1 million) in ICE.

REGIONAL PARTNER AND SALES NETWORK

Our Solutions are sold through a distributed sales partner network ("Regional DIRTT Partner" or "Partner"), many of whom are also holders of Common Shares of DIRTT ("Shareholders"). As at December 31, 2017, we had a total of 99 Regional DIRTT Partners in North America, the United Kingdom, India and Singapore. Our Partners employ more than 678 staff who are dedicated to supporting our sales, project management, and service and to increasing market awareness in their respective markets. Partners are supported by local DIRTT sales representatives, industry specialists and business development resources. In turn, Partners are required to purchase an ICE Software package for use in their sales process and to invest in a regional DIRTT-dedicated team (sales, design and project management). Partners are also required to invest in their own DIRTT Green Learning Center ("GLC"), which is a display area to showcase DIRTT Solutions locally. In the year ended December 31, 2017, our Partners invested $2.9 million in DIRTT Solutions for their GLCs. Together with our Partners, we have established GLCs to showcase DIRTT Solutions across North America, the United Kingdom, the Middle East, India and Singapore.

We are not dependent on any one Partner, Partner's client, vertical market, industry segment or minimum job size. Our Partners' clients range from small owner-managed businesses to multinational Fortune 500 corporations in a range of vertical markets and industries including healthcare, education, financial services, government and military, manufacturing, non-profit, energy, professional services, retail, and technology. As at December 31, 2017, DIRTT and our Partners have delivered DIRTT Solutions to more than 7,800 clients. Our average project size (on a per project order basis) for the year ended December 31, 2017 was approximately $80,000 (2016 - $87,000), with the single largest project (on a per project order basis) being $1.3 million (2016 - $1.2 million).

GEOGRAPHIC MARKETS

Our principal geographic markets are Canada, the US and "international" (which encompasses everything outside of North America). Our revenue continues to be derived almost exclusively from projects in North America, with periodic international projects for North American Partners and select international clients.

MANUFACTURING FACILITIES

DIRTT has major manufacturing facilities in Calgary, Alberta; Phoenix, Arizona; and Savannah, Georgia. These facilities are strategically located in separated quadrants of North America to reduce transportation times and costs and to support short lead times of three weeks or less. We also have a smaller manufacturing facility in Kelowna, British Columbia. Collectively, our manufacturing facilities have an annual production revenue capacity of approximately $450 million.

COMPETITIVE CONDITIONS

Competition

The overall market for interior construction is fragmented and highly competitive. Our main competitors are conventional construction firms, individual tradespeople (framers, drywallers, interior product designers, etc.) and modular systems manufacturers. We expect competition to increase as the construction market continues to improve. The principal competitive factors in the interior construction industry include speed, price, quality, customization, and service. Refer to "Risk Factors – Competition" for further information on the competitive conditions affecting DIRTT.

DIRTT's Competitive Advantage

DIRTT's position as leading provider of prefabricated, custom, sustainable interior construction solutions is based on three distinct competitive advantages:

Advanced Proprietary Technology: Conventional or traditional construction involves coordinating multiple specialists, trades and materials suppliers, with most of the work being completed at the building site. With the power of ICE, DIRTT removes the need for several steps required in conventional construction, thereby reducing on-site construction activity and allowing for faster and more efficient project completion. We are not aware of any competitor that possesses technology that integrates all steps of the construction process in a unified software solution. We believe that ICE gives us a significant advantage over our competitors in this regard.

Regional Partner and Sales Network: Our network of DIRTT Regional Partners and DIRTT sales representatives allows the Company greater geographic reach and helps build awareness of DIRTT in the interior construction market. This decentralized approach allows DIRTT to work on multiple aspects of large-scale projects at once, so we can meet tight timelines and reduce overall schedules. With closer proximity to our markets, our solutions travel over shorter distances, complementing fast lead times. Refer to "Description of the Business – "Regional Partner and Sales Network"" for further information.

Unique End-to-End Solutions Fueled by Constant Innovation: We believe the extensive industry knowledge of our leadership team allows us to constantly innovate and develop our DIRTT

Solutions and proprietary technology. Although conventional construction companies can build interiors resembling DIRTT Solutions, we believe we are the only company able to provide an integrated, technology-based end-to-end solution in the marketplace. Historically, modular products such as partitions or demising walls often had a reputation for being cheap and undesirable. The palette in ICE has been designed to overcome these objections by allowing designers to choose materials to suit the most discriminating client taste and budget. Our product development philosophy is that products should not constrain future flexibility. Consistent with this philosophy, DIRTT Solutions are designed to work seamlessly with current design iterations and new solutions, and to be re-configured to work with whatever third-party technologies or solutions a client requires. This approach to product development, together with the design capabilities of ICE, underlies DIRTT's ability to provide an end-to-end solution for clients.

The table below outlines the common challenges of conventional construction and the way DIRTT addresses these challenges.

Conventional Construction Challenges	**How DIRTT Addresses These Challenges**
Unpredictability	The construction industry faces many uncertainties: changes to material orders or timelines can add additional costs and delays to a project; and communication errors can lead to large increases in material and labor costs. Our ICE Software has been designed to automate the entire construction process, from design, specification and pricing to preparation of shop drawings, manufacturing data for DIRTT and suppliers, and installation drawings and elevations. This allows us to surpass industry standard lead times with cost certainty and precision high quality.
Limited Customization	In conventional construction, standard sizing of materials and components and construction methods often limit the amount of customization a designer can provide at a reasonable cost. Our ICE Software integrates parametric design with computer-aided design (CAD) technology to allow clients to design complete, custom solutions for their interior space with a virtually infinite variety of materials and configurations.
Poor Quality Control	Conventional construction can struggle with consistency and quality requiring frequent and costly rework. Prefabrication relies on automation and a controlled manufacturing environment to produce consistent, high-quality but highly standardized solutions. Our manufacturing team uses sophisticated technology closely integrated with a controlled manufacturing environment to significantly reduce construction deficiencies and errors, while producing a fully customized solution.

Reconfiguration and Future Flexibility	Relocation and renovations can be costly undertakings and often require significant human capital as well as time. DIRTT Solutions are designed for ultimate flexibility and interconnectivity with whatever technology, furniture, millwork or DIRTT Solutions were previously used, or will be used in the future. This allows clients to reconfigure and repurpose their space while reducing messy and time-consuming demolition and waste removal.
Inefficient Project Management and Execution	Conventional construction often requires general contractors to manage all aspects of installation following a rigid sequencing process. Typically, wall framing must be constructed followed by floors and electrical and data networks. This process is then followed by drywalling, taping, painting and finishing carpentry. Carpet must then be laid around the walls. All of these steps generate significant waste. Certified tradesmen are generally required to install every aspect of the project and the sequencing of trades on-site and mandatory inspections and signoffs can cause serious delays. ICE reduces potential human error throughout the design, specification, manufacturing and installation process. DIRTT Solutions include the various components of conventional construction – walls, power, data and millwork. However, unlike the conventional approach where raw materials are delivered and then cut to fit, DIRTT components arrive on-site organized, labeled and ready to be installed. DIRTT Solutions are designed to reduce the potential for execution errors by reducing the number of trades and time required on-site.
Labor Challenges	Access to skilled labor is a challenge in many markets. Skilled tradespeople shortages are common and unskilled workers frequently fill the void. We believe that amalgamating the processes normally handled by skilled trades into an integrated solution relying on ICE reduces the dependence on skilled trades required to provide a high-quality, customized product.

INTELLECTUAL PROPERTY

Our patents, trademarks, service marks, trade secrets, copyrights, domain names and other intellectual property are crucial to our business. We rely on patent, trademark and copyright law, trade secret protection and confidentiality and/or licence agreements with our employees, users, vendors and others to protect our proprietary rights. We register our patents and trademarks as we deem appropriate. As of December 31, 2017, we had patents relating to various aspects of the DIRTT Solutions and ICE as follows:

Jurisdiction	Granted Patents	Applications Pending
Canada	41	51
United States	89	48
European Union	24	43
Singapore	-	22
Patent Cooperation Treaty	-	14
Other	5	5
Total	159	183

EMPLOYEES

As of December 31, 2017, the Company had 1,109 full-time employees in the following functional areas:

Functional Areas	Number of Employees
Production	681
Sales and marketing	105
Project management and support	136
ICE	96
Executive and administration	91
Total	1,109

RISK FACTORS

DIRTT's operations are exposed to a number of risks, some of which impact the construction industry as a whole, and others which are unique to DIRTT's operations. Any risk or combination of risks may have a material impact on our operations and future financial performance. Additional risks not currently known by us, or that we currently deem immaterial, may also impair our operations.

ADDITIONAL CAPITAL REQUIREMENTS

We plan to continually invest in business growth and may require additional funds to respond to business opportunities. Such investments may relate to: expanding sales and marketing activities; developing our Partner network; developing new software, products or features; enhancing our operating infrastructure; acquiring complementary businesses and technologies; and/or investing in innovation and operational capacity ahead of anticipated growth, including commencing factory automation. Our cash flow from our reserves may not be sufficient to fund our ongoing activities at all times, and accordingly, we may need to undertake equity or debt financings to secure additional funds. Further issuances of equity or convertible debt securities may result in significant share dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of currently issued and outstanding Common Shares. Any debt financing may involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We can provide no assurance that sufficient debt or equity financing will be available for necessary or desirable infrastructure expenditures or acquisitions, or to cover losses, and accordingly our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

FLUCTUATIONS IN COMMODITY PRICES

We are subject to commodity price risk relating primarily to fluctuations in prices of materials, such as aluminum, used in the supply chain. Commodity prices may also be impacted by additional tariffs or barriers to trade. Fluctuations in commodity prices could materially and adversely affect our business, financial condition and operational results. We attempt to mitigate these risks by entering into long-term arrangements with our supplier base.

CREDIT RISK

Continued growth in our Partner network and client base increases our exposure to credit risk related to trade balances owing from our Partners and their clients. We routinely monitor the financial condition of our Partners and their clients, and review the credit history of our new Partners and their clients, to establish credit limits. We establish an allowance for doubtful accounts that corresponds to the credit risk of our Partners and their clients, historical trends, and economic circumstances. We could realize losses if Partners and their clients default on their balances owing.

FOREIGN EXCHANGE RATE AND FISCAL MATTERS

Our operations, expenditures and revenues are to some extent denominated in foreign currencies (primarily US dollars). Fluctuations in the value of any such currency expose us to foreign exchange risk and could have an effect on our cash flow and revenues. We also have foreign exchange exposure to the extent of a mismatch between foreign-currency denominated revenues and expenditures – in particular, where US dollar revenues do not equal US dollar expenditures. We are not currently using exchange rate derivatives to manage exchange rate risks.

There are currently no significant restrictions on the repatriation of capital and distribution of earnings to foreign entities from any of the jurisdictions in which we operate. There can be no assurance, however, that such restrictions will not be imposed in the future. Amendments to current taxation laws and regulations, such as the recently-enacted US tax reform measures, could have a material adverse impact on our business.

FLUCTUATIONS IN OPERATING RESULTS AND FINANCIAL CONDITION

Our operating results and financial condition may continue to fluctuate from one quarter or year to another due a number of factors, some of which are outside of our control. Furthermore, our actual or projected operating results may fail to match our past performance. These events could in turn cause the market price of the Common Shares to fluctuate. In particular, if our operating results do not meet the expectations of securities analysts or investors, who may derive their expectations by extrapolating data from recent historical operating results, the market price of the Common Shares will likely decline.

In addition to the factors identified in this "Risk Factors" section, our operating results and financial condition may fluctuate due to the following:

- the development of new competitive products or processes by others;
- the entry of new competitors into our market whether by established companies or by new companies;
- changes in the size and complexity of our organization, including our international operations;
- levels of sales of our products and services to new and existing customers;
- the geographic distribution of our sales;
- changes in customer preferences or needs;
- changes in the amount that we invest to develop, acquire or license new products and processes, which we anticipate will generally increase and may fluctuate in the future;
- delays between our expenditures to develop, acquire or license new products and processes, and the generation of sales related thereto;
- our ability to timely and effectively scale our business during periods of sequential quarterly or annual growth;
- limitations or delays in our ability to reduce our expenses during periods of declining sequential quarterly or annual revenue;
- changes in our pricing policies or those of our competitors, including our responses to price competition;
- changes in the amount we spend in our marketing and other efforts;
- unexpected increases in expenses as compared to our related accounting accruals or operating plan;
- changes in regional and global economic conditions, including falling energy prices;
- falling energy prices;
- fluctuations in the US dollar relative to the Canadian dollar;
- general economic and industry conditions that affect customer demand and product development trends; and
- changes in accounting rules and tax and other laws.

Due to these risk factors, readers should not rely on quarter-to-quarter or year-to-year comparisons of our operating results as an indicator of future performance.

HISTORY OF LOSSES

We have incurred significant losses since commencing business and have only been profitable for the years ended December 31, 2016, December 31, 2015, December 31, 2014, September 30, 2010 and September 30, 2009. Recently, we have incurred net losses of $7.4 million for the year ended December 31, 2017; $16.5 million for the year ended December 31, 2013; $7.1 million for the 15 months ended December 31, 2012 and $4.8 million for the year ended September 30, 2011. As at December 31, 2017, we had an accumulated deficit of $45.6 million. These losses and accumulated deficit were due in part to the substantial investments made to grow our business and acquire customers, to further develop our service offerings through product and software development, and to ensure that we have sufficient production capacity and capability to deliver on our commitment of rapid delivery times. We expect our operating expenses to increase in the future due to an expected increase in sales and marketing expenses, product development costs and general and administrative costs. Readers should not consider our revenue growth as indicative of our future performance. There can be no assurance that we will achieve and/or sustain profitability in the future.

ABILITY TO PAY DIVIDENDS

We have not declared or paid any dividends on Common Shares to date. The declaration and payment of dividends is at the discretion of the Board, taking into account our earnings, capital requirements and financial condition; restrictions on our ability to pay dividends under our revolving credit facilities; and such other factors as the Board considers relevant. Our revolving credit facilities limit our ability to pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any capital stock exceeding more than $1.0 million in the aggregate. Unless and until we pay dividends, Shareholders may not receive a return on their Common Shares.

MAINTAINING AND MANAGING GROWTH

Our success will depend in part on our ability to maintain and manage growth effectively. Managing growth of our operations and personnel requires continuous improvement of internal controls (operational, financial and management) and our reporting systems and procedures. Failure to effectively manage growth could result in difficulty in implementing products or securing customers and Partners, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features and/or other operational difficulties. Any of these difficulties could adversely impact our business performance and results of operations.

NEW TECHNOLOGY

Developing our software and products to keep pace with the changing technology, evolving industry standards and changing client preferences and requirements is essential to our success. Our software and products embody complex technology that may not meet those standards, changes and preferences. We may also be unable to successfully address these developments on a timely basis, or at all. Failing to respond quickly and cost-effectively to a changing market – either by developing new software and products, or by enhancing our existing software and products – could adversely affect our ability to compete and reduce our revenue.

COMPETITION

We operate in a highly competitive industry that is constantly evolving and changing. We expect this competition to increase with new market entrants. Our competitors may have greater financial, technical, sales, production and marketing resources, which could allow them to respond more quickly and effectively to new technologies and changes in customer needs. We could also face short-term pricing pressure on large construction projects from our competitors who take on projects at a "loss" to ensure continuity of work. There is no assurance that we will be able to compete on the same scale as these companies. Such competition may result in reduced sales, reduced margins or increased operating expenses.

INTELLECTUAL PROPERTY

Our success will depend in part on our ability to obtain patents, maintain trade secrets and protect unpatented know-how, and to operate without infringing on the proprietary rights of third parties or having third parties circumvent our rights. We rely on a combination of contract, copyright, patent, trademark and trade secret laws, confidentiality procedures and other measures to protect our proprietary information. There can be no assurance that the steps taken will prevent misappropriation of our proprietary rights. Our competitors could also independently develop technology similar to ours. Although we do not believe that our software or products infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against us. Such assertions or prosecutions, regardless of their validity, may entail significant costs and resources, and could adversely affect our business, financial condition or results of operations.

CUSTOMER BASE AND MARKET ACCEPTANCE

While we believe we can grow our Partners' client base, our inability to do so could have a material adverse effect on our business. We similarly believe that our products offer advantages over competing products, but no assurance can be given that our products will attain a degree of market acceptance on a sustained basis, or that they will generate revenues sufficient for sustained profitable operations.

SOFTWARE AND PRODUCT DEFECTS AND DESIGN RISKS

Our software and products are complex and must meet the stringent technical requirements of our customers. Our products may contain undetected errors or defects. In addition, ICE may also experience quality or reliability problems, or may contain bugs and other defects that interfere with its intended operation. The foregoing could result in clients rejecting our products and damage to our reputation, repair and remediation costs and lost revenues, any of which could harm our business. Although we have product and errors and omissions liability insurance, there is no assurance that such insurance will be sufficient or will continue to be available on reasonable terms. In addition, we provide our Partners and their clients with a warranty on products we manufacture. The warranty generally provides that products will be free from defects for a period of 10 years. If a product fails to comply with the warranty, we may be obligated, at our expense, to correct any defect by repairing or replacing the defective product. Although we maintain warranty reserves in an amount based primarily on production and on historical and anticipated warranty claims, there can be no assurance that future warranty claims will follow historical patterns or that we can accurately anticipate the level of future warranty claims. An increase in the rate of warranty claims or the occurrence of unexpected warranty claims could materially and adversely affect our financial condition, results of operations and cash flows.

AVAILABILITY OF KEY SUPPLIES

We rely on certain key suppliers for raw materials and components, and no assurances can be given that we will not experience delays or other difficulties in obtaining supplies due to trade disputes or other matters. While no single vendor currently supplies more than 10% of the raw materials we use, the raw materials used in certain operations are available only through a limited number of vendors. Although we believe there are alternative suppliers for most of our key requirements, if our current suppliers are unable to provide the necessary raw materials or otherwise fail to timely deliver products in the quantities required, any resulting delays in manufacturing or distributing existing products could have a material adverse effect on our results of operations and financial condition.

DEPENDENCE ON KEY PERSONNEL

The performance of key personnel is essential to our business. The unexpected loss or departure of any of our key officers or other employees could be detrimental to our future operations. Our success will depend in part on our ability to attract and retain qualified personnel as needed. The competition for highly skilled technical, research and development, management, sales and other employees is high in our industry. There can be no assurance that we will be able to engage the services of such personnel or retain our current personnel.

CHANGES IN THE COMPANY'S MANAGEMENT

The Company is dependent on the business and technical expertise of its management team. Since January 2018, there have been significant changes to management. These include the transition of the CEO to an Executive Chairman role, the departure of the President and Interim CFO, and the appointment of a new Interim President and CEO and new Interim CFO. There can be no assurance that further changes to management will not occur, and in fact the Company has undertaken a search to find a permanent CEO and CFO. It is important to note that the Company may not be successful in its search or may not meet its objective on a timely basis. The failure to meet its objective at all or on a timely basis, as well as undergoing other changes to management, could have an adverse effect on the Company’s business, financial condition or results of operations.

GOVERNMENT REGULATION

Our products are subject to government regulation in the US, Canada and other countries in which we operate. Although we believe we have obtained the necessary approvals for the products that we currently sell, we may not be able to obtain approvals for future products on a timely basis, or at all. In addition, regulatory requirements applicable to current operations may change, and we may not be able to obtain the regulatory approvals needed to operate in new countries.

PHYSICAL FACILITIES

We have facilities at several different locations, as well as component inventory and capital assets at third-party manufacturing facilities. Tangible property at each location is subject to risk of fire, earthquake, flood, hurricanes and other natural acts of God. In the event of such events or acts, there could be delays in production and shipments of product due to both the loss of inventory and/or capacity to produce.

LEGAL AND/OR REGULATORY RISKS

From time to time we may become liable for legal claims relating to our operations, contracts, relationships or other circumstances, or may become involved in regulatory proceedings. Depending on the nature of the claims or proceedings, we may incur significant costs and expenses and may be required to devote significant management and employee time and resources to these matters.

FUTURE ACQUISITIONS

We may seek to expand our business and capabilities through acquiring compatible technology, products or businesses. There can be no assurance that suitable acquisition candidates can be identified and acquired on favorable terms, or that the acquired operations can be profitably operated or integrated into our operations. To the extent we are successful in identifying suitable companies or products for acquisition, we may deem it necessary or advisable to finance such acquisitions through issuing Common Shares, securities convertible into Common Shares, debt financing, or a combination thereof. In such cases, issuing Common Shares or convertible securities could result in dilution to Shareholders at the time of such issuance or conversion. Issuing debt to finance acquisitions may result in, among other things, the encumbrance of certain of our assets, impeding our ability to obtain bank financing, decreasing our liquidity, and adversely affecting our ability to declare and pay dividends to Shareholders.

RELIANCE ON THIRD PARTIES

We rely on our Partners and other third-party service providers for certain services that are critical to our business. If these third parties experience difficulties in meeting our requirements or standards, we may have difficulty operating some aspects of our business. In addition, if such third parties were to cease operations temporarily or permanently, face financial distress or any other business disruption, we could suffer increased costs and delays in our ability to operate our business until an equivalent provider can be found, or until we can develop replacement technology or operations. There is no assurance we would be able to do so on acceptable financial terms, or at all. In addition, if we are unsuccessful in choosing high-quality partners or ineffectively manage these partners, it could have an adverse impact on our business and financial performance.

FORWARD-LOOKING INFORMATION MAY PROVE INACCURATE

Prospective purchasers are cautioned not to place undue reliance on the Forward-Looking Information. By nature, Forward-Looking Information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the Forward-Looking Information contained in this AIF or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Refer to "Advisory – Forward Looking Information".

DESCRIPTION OF CAPITAL STRUCTURE

DIRTT is authorized to issue an unlimited number of Common Shares. As at December 31, 2017, there were 84,224,527 Common Shares issued and outstanding. In addition, as at December 31, 2017, there were options ("Options") outstanding to acquire 5,553,393 Common Shares pursuant to the Company's amended and restated stock option plan.

Holders of Common Shares are entitled to vote at meetings of Shareholders on the basis of one vote per Common Share, to receive dividends if, as and when declared by the Board and to receive pro rata the remaining property and assets of DIRTT upon its dissolution or winding-up.

On January 6, 2017, we received approval from the TSX to commence a normal course issuer bid (the "NCIB") to purchase Common Shares. The NCIB commenced on January 10, 2017 and terminated on January 9, 2018. Under the NCIB, we were authorized to purchase 7,141,021 Common Shares. As at December 31, 2017, we had purchased 1,627,187 Common Shares at a weighted average price of $5.98 per Common Share, including brokerage fees, for a total cost of approximately $10 million through the NCIB.

MARKET FOR SECURITIES

The Common Shares are listed on the TSX under the symbol "DRT".

TRADING PRICE AND VOLUME

The following table describes the price range and trading volume of the Common Shares, as reported by the TSX for the periods indicated.

Period	High ($/share)	Low ($/share)	Volume
January 2017	7.15	6.07	1,723,500
February 2017	7.51	6.71	2,127,000
March 2017	7.24	6.48	2,506,900
April 2017	7.07	6.55	1,948,200
May 2017	6.79	5.78	5,521,700
June 2017	6.95	5.90	3,068,300
July 2017	6.83	5.75	4,664,600
August 2017	6.18	5.18	9,781,100
September 2017	5.75	4.94	4,517,800
October 2017	6.38	5.48	4,114,000
November 2017	6.49	5.71	3,114,200
December 2017	6.79	5.95	3,465,600
January 2018	6.10	4.94	11,531,600
February 2018	5.74	5.05	5,860,500

PRIOR SALES

The following table sets forth, for each class of securities of the Company that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the period from January 1, 2017 to December 31, 2017 and the number of securities of the class issued at that price and the date on which the securities were issued.

Date of Issue	Grant Number and Designation of Securities	Exercise Price
June 2017	57,500 Options	$6.35

DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

The following individuals are directors of DIRTT as of the date hereof.

Name and Residence	Director Since	Principal Occupation During the Past Five Years
Mogens Smed Alberta, Canada	September 2003	Founder and Executive Chairman of DIRTT (since December 2017). Prior thereto, Chief Executive Officer of DIRTT (since 2004).
Steve Parry(3) Ontario, Canada	December 2011 Independent	Executive Chairman of Grenville Strategic Royalty Corp. (CVE: GRC), a Canadian royalty company (since 2013). Prior thereto, Managing Member of NGEN Partners, a US-based cleantech venture capital firm.
Wayne Boulais(1) Illinois, United States	May 2015 Independent	Managing Director of Tensility Venture Partners, a US-based venture capital firm (since 2017). Prior thereto, General Partner of Apex Venture Partners ("Apex"), a US-based venture capital firm (since 2002).
Gregory F. Burke New York, United States	May 2005 Independent	President and CEO of Lane Office Furniture, Inc., a private full-service furniture dealership company (since 1982).
Lawrence D. Fairholm(1)(2)(3) Quebec, Canada	May 2005 Independent	President of Fairholm Management Ltd., a private company providing corporate real estate, facilities and management consulting services (since 1978).
Richard Haray(2) New York, United States	November 2016 Independent	Senior Vice President, Corporate Services of Interpublic Group (NYSE: IPG), a leading organization of advertising and marketing services companies (since 2005).
Michael Goldstein British Columbia, Canada	January 2018	Interim President and CEO of DIRTT (since January 2018). Prior thereto, Chairman and CEO (since 2016) and director (since 2014) of Photon Control Inc. (CVE: PHO), a supplier of fiber optic management technologies (since 2016); and Managing Director of GrowthCorp Partners, a private firm providing advisory services for strategic growth (since 2012).
Denise Karkkainen(1)(2)(3) British Columbia, Canada	August 2015 Independent	Corporate Director and Principal of Bravura Business Solutions Inc., a private firm providing governance advisory and strategic

Name and Residence	Director Since	Principal Occupation During the Past Five Years
		project management services (since 2013). Prior thereto, Executive Vice President and Secretary (from 2008-2012) and CFO (from 2011-2012) of TitanStar Properties Inc. (TSX.V: TSP), a public company investing in commercial real estate in the US (from 2008-2012); and Executive Vice President and Secretary of TitanStar Group of Companies, a privately-owned group of companies which invested in businesses and commercial real estate in Canada and the US (from 2005-2012).
Todd Lillibridge(2) Illinois, United States	August 2017 Independent	Executive Vice-President of Medical Property Operations at Ventas Inc. (NYSE: VTR), a real estate investment trust investing in healthcare assets (since 2010); and President, CEO and founder of Lillibridge Healthcare Services Inc., one of the largest US medical office portfolios (since 1990).
Christine McGinley(1)(3) Alberta, Canada	November 2013 Independent	Corporate Director (since 2010), currently serving on the boards of Mullen Group Ltd. (TSE: MTL), Northview REIT (TSE: NVU.UN), Alberta Blue Cross and Canada Health Infoway.

Notes:

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Corporate Governance Committee.

EXECUTIVE OFFICERS

The following individuals are the executive officers of DIRTT as of the date hereof.

Name and Residence	Principal Occupation During the Past Five Years
Michael Goldstein British Columbia, Canada	Mr. Goldstein's biographical information is included under "Directors".
Mogens Smed Alberta, Canada	Mr. Smed's biographical information is included under "Directors".

Name and Residence	Principal Occupation During the Past Five Years
Peter Henry Alberta, Canada	Interim Chief Financial Officer (since January 2018). Prior thereto, independent consultant on litigation support matters, and a senior partner at KPMG LLP.
Tracy Baker Calgary, Alberta, Canada	Chief Operations Officer (since October 2007). Prior thereto, CFO of DIRTT (since 2004).
Geoff Gosling Calgary, Alberta, Canada	Founder and Vice-President, Product Development (since February 2004).
Barrie Loberg Calgary, Alberta, Canada	Founder and Vice-President, Software Development (since February 2004).

Scott Jenkins ceased to be a director and executive officer of the Company on December 29, 2017. As at December 31, 2017, DIRTT's directors and executive officers, as a group, beneficially owned, or exercised control or direction over, directly or indirectly: (a) 2,479,766 Common Shares, representing approximately 2.9% of the issued and outstanding Common Shares; and (b) 1,363,017 Options. Wayne Boulais is the General Partner of Apex which holds 3,939,925 Common Shares.

Our directors are elected by the Shareholders at each annual general meeting and typically hold office until the next annual general meeting, at which time they may be re-elected or replaced. Casual vacancies on the Board are filled by the remaining directors. Our officers are appointed by the Board and hold office indefinitely at the pleasure of the Board.

Investors should be aware that certain of our directors and executive officers are also officers and/or directors of other companies engaged in the office and technology business generally. As a result, situations may arise where the interests of such directors and executive officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by DIRTT's code of conduct, the Board Mandate and applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Company.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

None of the Company's current directors or executive officers are, at the date of this AIF, or have been, within 10 years prior to the date of this AIF, a director, chief executive officer or chief financial officer of a company that:

(a) while such person was acting in that capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or

(b) was subject to an order that was issued after that person ceased to be a director, CEO or CFO of the relevant company and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Other than as described below, none of the Company's directors or executive officers:

(a) are, at the date of this AIF, or have been, within 10 years prior to the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer, as applicable.

None of the Company's directors or executive officers have been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Parry was elected as a director of Energy and Power Solutions, Inc. ("EPS") in 2007 as the designee of NGEN Partners. EPS provided energy efficiency solutions to the industrial market. In September 2011, EPS filed for bankruptcy protection pursuant to Chapter 11 of the US Bankruptcy Code. Mr. Parry ceased to be a director of EPS in June 2011 and, in January 2012, EPS entered into settlement agreements with NGEN Partners to, among other things, release past and current officers, directors, employees and agents of NGEN Partners. In addition, Mr. Parry was elected as a director of Tioga Energy, Inc. ("Tioga") and SolFocus, Inc. ("SolFocus") as the designee of NGEN Partners. Tioga and SolFocus were providers of photovoltaic solar systems. Tioga and SolFocus conducted an assignment for the benefit of creditors in April 2013 and May 2013, respectively, and Mr. Parry ceased to be a director of both Tioga and SolFocus each upon such assignments.

Ms. McGinley was the Senior VP, Operations of Canwest Broadcasting until October 2010. In October 2009, Canwest Broadcasting, along with its principal operating subsidiary Canwest Media Inc., and certain other related entities (including the over-the-air networks and specialty cable channels and the National Post), voluntarily filed for creditor protection from bankruptcy under the Companies' Creditors Arrangement Act (the "CCAA"). An order was successfully obtained from the Ontario Superior Court of Justice (Commercial Division) commencing proceedings under the CCAA on October 6, 2009. Canwest Broadcasting successfully emerged from CCAA in October 2010 and was acquired by SHAW Communications.

Mr. Boulais was elected as a director of BitWave Semiconductor, Inc. ("BitWave") and SolFocus as the designee of Apex. BitWave was a fabless radio frequency semiconductor company and SolFocus was a provider of photovoltaic solar systems. BitWave and SolFocus conducted an assignment for the benefit of creditors in May 2010 and May 2013, respectively, and Mr. Boulais ceased to be a director of both BitWave and SolFocus each upon such assignments.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

DIRTT is not a party to any legal proceeding nor was a party to, nor is nor was any of its property the subject of any legal proceeding, during the year ended December 31, 2017, nor is DIRTT aware of any such contemplated legal proceedings, which involve a claim for damages, exclusive of interest and costs, that may exceed 10% of the current assets of DIRTT.

During the year ended December 31, 2017, there were no: (i) penalties or sanctions imposed against DIRTT by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against DIRTT that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements

DIRTT entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the Company's directors or senior officers, or any person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class of voting securities of DIRTT, or any known associates or affiliates of such persons, has or has had a material interest, direct or indirect, in any transaction within the last three most recently completed financial years or during the current financial year or any proposed transaction which has materially affected or is reasonably expected to materially affect DIRTT.

MATERIAL CONTRACTS

During the year ended December 31, 2017, DIRTT has not entered into any contracts, nor are there any contracts that are still in effect, that are material to the business, other than contracts entered into in the ordinary course of business.

Copies of all material contracts are available on SEDAR at www.sedar.com.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

PricewaterhouseCoopers LLP is the auditor of the Company and is independent within the meaning of the *Rules of Professional Conduct* of the Chartered Professional Accountants of Alberta. Its offices are located at 3100, 111-5th Ave SW, Calgary, Alberta T2P 5L3.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada, whose offices are located at 600, 530 - 8 Avenue SW, Calgary, Alberta, T2P 3S8.

AUDIT COMMITTEE INFORMATION

The Audit Committee is a committee of the Board established to oversee the Company's accounting and financial reporting practices and procedures. The Audit Committee charter sets out committee's purpose, organization, duties and responsibilities. A copy of the charter is attached hereto as Appendix "A".

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee consists of four members, each of whom is independent and financially literate in accordance with National Information 51-110 - *Audit Committees.* The relevant education and experience of each member of the Audit Committee is outlined below.

Christine McGinley (Chair)

Ms. McGinley is a chartered professional accountant with more than 26 years of senior management experience in the areas of operations, technology and finance. Most recently, Ms. McGinley was the Senior Vice-President, Operations, of Canwest Broadcasting. Ms. McGinley currently serves as Chair of the Audit Committee, member of the Compensation and Human Resources Committee and Vice Chair for Canada Health Infoway; director and Chair of the Audit Committee for Alberta Blue Cross; as a trustee, Chair of the Investment Committee and member of the Audit Committee for Northview Apartment REIT; and Director and member of the Audit Committee for Mullen Group Ltd. Ms. McGinley holds a Bachelor of Commerce degree from the University of Alberta and an ICD.D designation by the Institute of Corporate Directors of Toronto, Ontario. She is a member of the Chartered Professional Accountants of Alberta.

Wayne Boulais

Mr. Boulais has more than 17 years of technology investing experience and is currently actively investing in companies as Managing Director of US-based venture capital firm, Tensility Venture Partners. Mr. Boulais continues to manage several investments from his prior firm, Apex. During Mr. Boulais' tenure at Apex, he has served as the board designee for a significant portion of the fund's investments. Prior to Mr. Boulais' investment experience, he was a principal at Mercer Management Consulting (now Oliver Wyman) in the communications, information and entertainment practice. Mr. Boulais holds a Bachelor of Science and Master of Science in electrical engineering from the University of Massachusetts, and an Masters of Business Administration from the Massachusetts Institute of Technology.

Larry Fairholm

Mr. Fairholm has more than 36 years of experience in the office furniture, design, interior construction and real estate industries, including his roles as the President of Fairholm Management Ltd., a private company providing corporate real estate, facilities and management consulting services; the Founder of Buro Décor Inc., an office furniture dealer; the Founder of BDI Facilities Management Inc., a corporate interior design/project management company; and the Founder of The Gordian Services Group Inc., a corporate real estate consulting company. Mr. Fairholm holds a Bachelor of Science from the University of Arizona.

Denise Karkkainen

Mrs. Karkkainen has more than 30 years of experience in the commercial real estate industry. She formerly held executive positions at the IAT Group of Companies, which developed, owned and managed aviation facilities on airports in the US and Canada, and TitanStar Properties Inc. In addition to DIRTT, Mrs. Karkkainen currently serves as a director and Chair of Finance and Audit Committee of Musqueam Capital Corporation, a privately-owned company which develops and manages the real estate holdings of the Musqueam Indian Band. She was previously a founding director and Vice-Chair of the BC Provincial Health Services Authority; Board Chair of the Crown corporation, Community Living BC; and director of the Greater Vancouver Board of Trade. Mrs. Karkkainen holds an ICD.D designation by the Institute of Corporate Directors of Toronto, Ontario.

EXTERNAL AUDITOR SERVICE FEES

The aggregate fees billed by our external auditors for the year ended December 31, 2017 and 2016 are as follows:

Nature of Services	December 31, 2017	December 31, 2016
Audit Fees ($) (1)	363,087	465,240
Audit-Related Fees ($) (2)	9,523	-
Tax Fees ($) (3)	16,050	49,481
Total (4)	388,660	514,721

Notes:

(1) Includes the aggregate professional fees paid to the external auditors for: the quarterly reviews and audit of the annual financial statements; and services related to the audit services, including conferring with the Board and Audit Committee regarding financial reporting and accounting standards.

(2) Includes the annual Canadian Public Accountability Board assessment fee in 2017.

(3) Includes the aggregate fees paid to external auditors for tax compliance, tax advice, tax planning and advisory services.

(4) The Company changed its external auditor from Deloitte LLP to PricewaterhouseCoopers LLP effective June 9, 2017. The Notice of Change of Auditor was filed on June 21, 2017. The total audit fees for the year ended December 31, 2017 reflect the fees paid to the current and previous auditor.

The Audit Committee may adopt specific policies and procedures for the engagement of non-audit services, whereby the Audit Committee can pre-approve such services, as well as establish a threshold amount for fees for non-audit services to be provided by the external auditors without advance approval of the Audit Committee. The Audit Committee has not adopted any such policies and procedures as at the date of this AIF.

ADDITIONAL INFORMATION

Additional information relating to DIRTT can be found on SEDAR at www.sedar.com. Additional information, including information about the remuneration and indebtedness of our directors and officers, the principal holders of our securities and our securities authorized for issuance under equity compensation plans, will be contained in our information circular for the annual meeting of Shareholders. Additional financial information about DIRTT is provided for in our financial statements and management's discussion and analysis for the year ended December 31, 2017.

APPENDIX A

AUDIT COMMITTEE CHARTER

build better™

DIRTT

Audit Committee Charter

DIRTT Environmental Solutions

dirtt.net

AUDIT COMMITTEE CHARTER

DIRTT Environmental Solutions

Approved October 17, 2013 (Revised March 8, 2017 & January 22, 2018)

A. RESPONSIBILITY

The Audit Committee is responsible for assisting the Board of Directors (the “Board”) of the Corporation in fulfilling its oversight responsibilities in relation to:

a) the integrity of the Corporation’s financial statements;

b) the Corporation’s compliance with legal and regulatory requirements related to financial reporting;

c) the qualifications, independence and performance of the Corporation’s auditor;

d) the design, implementation and maintenance of internal controls and disclosure controls; and

e) any additional matters delegated to the Audit Committee by the Board.

B. MEMBERS

The Board must appoint a minimum of three directors to be members of the Audit Committee. The members of the Audit Committee will be selected by the Board on the recommendation of the Corporate Governance Committee.

All of the members of the Audit Committee will be “independent directors” (“Independent Directors”) as defined in National Instrument 52□110 — Audit Committees, as amended from time to time (“NI 52□110”). In addition, every member of the Audit Committee will be “financially literate” as defined in NI 52□110.

C. DUTIES

The Audit Committee is responsible for performing the duties set out below as well as any other duties that are otherwise required by law or delegated to the Audit Committee by the Board.

1. Appointment and Review of the Auditor

The auditor is ultimately accountable to the Audit Committee and reports directly to the Audit Committee. Accordingly, the Audit Committee will evaluate and be responsible for the Corporation’s relationship with the auditor. Specifically, the Audit Committee will:

a) select, evaluate and nominate the auditor to be proposed for appointment or reappointment, as the case may be, by the shareholders;

b) review and approve the auditor’s engagement letter;

c) review the independence, experience, qualifications and performance of the auditor, including the engagement and lead partners, in recommending its appointment or reappointment, including considering whether the auditor’s provision of any permitted non□audit services is compatible with maintaining its independence;

d) resolve any disagreements between senior management and the auditor regarding financial reporting;

e) at least annually, obtain and review a report by the auditor describing:

    i. the auditor’s internal quality□control procedures, including with regard to safeguarding confidential information;

   ii. any material issues raised by the most recent internal quality control review, or peer review, of the auditor, or review by any independent oversight body, such as the Canadian Public Accountability Board, or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the auditor, and the steps taken to deal with any issues raised in any such review; and

f) where appropriate, terminate the auditor.

2. Confirmation of the Auditor's Independence

At least annually, and before the auditor issues its report on the annual financial statements, the Audit Committee will:

a) review a formal written statement from the auditor describing all of its relationships with the Corporation;

b) discuss with the auditor any relationships or services that may affect its objectivity and independence;

c) obtain written confirmation from the auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Professional Accountants to which it belongs and is an independent public accountant within the meaning of the Independence Standards of the Canadian Institute of Chartered Accountants; and

d) confirm that the auditor has complied with applicable rules, if any, with respect to the rotation of certain members of the audit engagement team.

3. Pre-Approval of Non-Audit Services

The Audit Committee will pre-approve the appointment of the auditor for any non- audit service to be provided to the Corporation. Before the appointment of the auditor for any non-audit service, the Audit Committee will consider the compatibility of the service with the auditor's independence. The Audit Committee may pre-approve the appointment of the auditor for any non-audit services by adopting specific policies and procedures, from time to time, for the engagement of the auditor for non-audit services. Such policies and procedures will be detailed as to the particular service, and the Audit Committee must be informed of each service, and the procedures may not include delegation of the Audit Committee's responsibilities to management. In addition, the Audit Committee may delegate to one or more members the authority to pre-approve the appointment of the auditor for any non-audit service to the extent permitted by applicable law provided that any pre-approvals granted pursuant to such delegation shall be reported to the full Audit Committee at its next scheduled meeting.

4. Communications with the Auditor

The Audit Committee has the authority to communicate directly with the auditor and will meet privately with the auditor periodically to discuss any items of concern to the Audit Committee or the auditor, such as:

a) the scope, planning and staffing of the audit;

b) the auditor's materiality threshold for the audit;

c) the assessment by the auditor of significant audit risk;

d) any material written communications between the auditor and senior management, such as any management letter or schedule of unadjusted differences;

e) whether or not the auditor is satisfied with the quality and effectiveness of financial recording procedures and systems;

f) the extent to which the auditor is satisfied with the nature and scope of its examination;

g) whether or not the auditor has received the full co-operation of senior management and other employees of the Corporation;

h) the auditor's opinion of the competence and performance of the Chief Financial Officer and other key financial personnel;

i) the items required to be communicated to the Audit Committee under the Canadian authoritative guidance;

j) critical accounting policies and practices to be used by the Corporation;

k) alternative treatments of financial information within generally accepted accounting principles that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor;

l) any difficulties encountered in the course of the audit work, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with senior management and their response; and

m) any illegal act that may have occurred and the discovery of which is required to be disclosed to the Audit Committee.

5. Review of the Audit Plan

The Audit Committee will discuss with the auditor the nature of an audit and the responsibility assumed by the auditor when conducting an audit under generally accepted auditing standards. The Audit Committee will review a summary of the auditor's audit plan for each audit.

6. Review of Audit Fees

The Audit Committee will determine the auditor's fee and the terms of the auditor's engagement. In determining the auditor's fee, the Audit Committee should consider, among other things, the number and nature of reports to be issued by the auditor, the quality of the internal controls of the Corporation, the size, complexity and financial condition of the Corporation and the extent of support to be provided to the auditor by the Corporation.

7. Review of Financial Statements

The Audit Committee will review and discuss with senior management and the auditor the annual audited financial statements, together with the auditor's report thereon, and the interim financial statements, before recommending them for approval by the Board. The Audit Committee will also review and discuss with senior management and the auditor management's discussion and analysis relating to the annual audited financial statements and interim financial statements. The Audit Committee will also engage the auditor to review the interim financial statements prior to the Audit Committee's review of such financial statements.

Before recommending any financial statements to the Board for approval, the Audit Committee will satisfy itself that such financial statements, together with the other financial information included in the Corporation's annual and interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the relevant date and for the relevant periods.

In conducting its review of the financial statements and related management's discussion and analysis, the Audit Committee will:

a) consider the quality of, and not just the acceptability of, the accounting principles, the reasonableness of senior management's judgments and estimates that have a significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;

b) discuss any analyses prepared by senior management or the auditor that set out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP;

c) discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;

d) consider any changes in accounting practices or policies and their impact on financial statements of the Corporation;

e) discuss with senior management, the auditor and, if necessary, legal counsel, a report from senior management describing any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters have been disclosed in the financial statements;

f) discuss with senior management and the auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies;

g) discuss with the auditor any special audit steps taken in light of material weaknesses in internal control;

h) review the results of the audit, including any reservations or qualifications in the auditor's opinion;

i) discuss with the auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, accounting adjustments proposed by the auditor but were "passed" (as immaterial or otherwise), and significant disagreements with senior management;

j) discuss with the auditor any issues on which the Corporation's audit team consulted the auditor's national office;

k) review disclosure requirements for all related party transactions; and

l) consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements.

8. Review of Other Financial Information

The Audit Committee will review:

a) all earnings press releases and other press releases containing financial information, as well as financial information and earnings guidance provided to analysts and rating agencies. The Audit Committee will also review the use of "pro forma" or "adjusted" non-GAAP information in such press releases and financial information. Such review may consist of a generaldiscussion of the types of information to be disclosed or the types of presentations to be made;

b) all other financial statements of the Corporation that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in Core Documents (as defined in the Corporation's Disclosure Policy) and financial statements required by regulatory authorities;

c) the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements; and

d) disclosures made to the Audit Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings about any significant deficiencies and material weaknesses in the design or operation of the Corporation's internal control over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information, and any fraud involving senior management or other employees who have a significant role in the Corporation's internal control over financial reporting.

9. Relations with Senior Management and other Board Committees

The members will periodically meet privately with senior management to discuss any areas of concern to the Audit Committee or senior management.

The Audit Committee will provide input to the Compensation Committee on the competence and performance of the Chief Financial Officer and will provide input to the Chief Financial Officer on the competence and performance of other key financial personnel. In addition, the Audit Committee will provide input on the hiring and/or dismissal of the Chief Financial Officer, prior to any decision being made by the President and Chief Executive Officer.

The Audit Committee will meet with the Disclosure Committee as reasonably required to allow both committees to fulfill their respective mandates, and to ensure that all public disclosure of financial information (including annual and interim financial statements and management's discussion and analysis related thereto, and all news releases containing financial information) are approved by the Audit Committee prior to public disclosure. Members of the Audit Committee will also consult with the Disclosure Committee when requested in connection with making materiality determinations relating to DIRTT's disclosure obligations.

10. Oversight of Internal Controls and Disclosure Controls

The Audit Committee will review with senior management the adequacy of the internal controls and procedures that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records. The Audit Committee will review any special audit steps adopted in light of material control deficiencies.

The Audit Committee will review with senior management the controls and procedures that have been adopted by the Corporation to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

11. Legal Compliance

The Audit Committee will review with legal counsel any legal matters that could have a significant effect on the Corporation's financial statements. It will also review with legal counsel material inquiries received from regulators and governmental agencies and advise the Board accordingly.

12. Risk Management

The Audit Committee will oversee the Corporation's risk assessment and management function and, on a quarterly basis, will review a report from senior management describing the major financial (including taxation matters), legal, operational and reputational risk exposures of the Corporation and the steps senior management has taken to monitor and control such exposures, including the Corporation's policies with respect to monitoring risk assessment and managing and controlling risks.

At least annually, the Audit Committee will meet separately with members of senior management and, if desired by the Audit Committee and/or the Corporation's auditors, to assess the Corporation's risk assessment and management policies and practices, including an assessment of the Corporation's most significant areas of risk and the Corporation's plans to monitor and manage those areas of risk (including the Corporation's insurance relating thereto).

Periodically and no less than every two years, the Audit Committee will review and advise the Board with respect to the Corporation's Directors' and Officers' liability insurance.

13. Taxation Matters

The Audit Committee will review with senior management the status of taxation matters of the Corporation. The Audit Committee will also review a report from senior management confirming that the Corporation has withheld or collected and remitted all amounts required to be withheld or collected and remitted by it in respect of any taxes, levies, assessments, reassessments and other charges payable to any governmental authority.

14. Employees of the Auditor

The Audit Committee will pre-approve the hiring by the Corporation of any partners or employees or former partners or employees of the auditor.

15. Conduct and Ethics

On a quarterly basis, the Audit Committee Chair will review all expenses incurred by the Chair of the Board and the Chair of the Board will review all expenses incurred by the President and Chief Executive Officer, and all other directors.

16. Complaints Procedure

The Audit Committee will review the procedures established in the Corporation's Integrity Policy for the receipt, retention and follow-up of complaints received by the Corporation on a confidential and anonymous basis regarding the following:

a) Any complaint regarding accounting, internal controls, disclosure controls or auditing matters;

b) Any good faith concerns regarding questionable accounting or auditing matters;

c) Any actual or apparent violation of the Corporation's Disclosure and Insider Trading Policy;

d) Any actual or apparent violation of the Corporation's Code of Conduct – The Way We Do Business.

The Chair is responsible for investigating and resolving all complaints or concerns submitted under the Integrity Policy. At his/her discretion, he/she shall advise the President and Chief Executive Officer, the Chief Financial Officer and/or the Audit Committee of complaints or concerns received, prior to the date of his/her final report.

17. Reporting

The Audit Committee will regularly report to the Board on:

a) the auditor's independence;

b) the performance of the auditor and the Audit Committee's recommendations regarding its reappointment or termination;

c) the adequacy of the Corporation's internal controls and disclosure controls;

d) its recommendations regarding the annual and interim financial statements of the Corporation, including any issues with respect to the quality or integrity of the financial statements;

e) its review of the annual and interim management's discussion and analysis;

f) the Corporation's compliance with legal and regulatory requirements related to financial reporting;

g) the Corporation's risk assessment and management policies and practices; and

h) all other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

D. MEETINGS

Subject to the Corporation's by-laws and articles and the requirements under the *Business Corporations Act* (Alberta):

1. Scheduling

The Audit Committee will meet at least four (4) times annually or more frequently as it determines is necessary to fulfill its responsibilities, which will be not less than four times a year. A meeting of the Audit Committee may be called by the Chair of the Audit Committee, the Chair of the Board, the President and Chief Executive Officer, the Chief Financial Officer, any Audit Committee member or the Corporation's auditor.

Meetings will be held at a location determined by the Chair of the Audit Committee.

2. Notice

Notice of the time and place of each meeting will be given to each member either by telephone or other electronic means not less than 48 hours before the time of the meeting. Meetings may be held at any time without notice if all of the members have waived or are deemed to have waived notice of the meeting. A member participating in a meeting will be deemed to have waived notice of the meeting.

3. Agenda

The Chair of the Audit Committee will preside as Chair of each meeting and will establish the agenda for each meeting and lead discussion on meeting agenda items. The Chair shall instruct management to circulate properly prepared agenda materials to Committee members with sufficient time to review prior to scheduled meetings.

Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for the meeting.

4. Distribution of Information

The Chair of the Audit Committee will distribute, or cause the Secretary to distribute, an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

5. Attendance and Participation

Each member is expected to attend all meetings. A member who is unable to attend a meeting in person may participate by telephone or teleconference.

6. Quorum

A majority of members will constitute a quorum for any meeting of the Audit Committee.

7. Voting and Approval

At meetings of the Audit Committee, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Chair of the Audit Committee will not have a second or casting vote in addition to his or her original vote.

8. Procedures

Procedures for Audit Committee meetings will be determined by the Chair of the Audit Committee unless otherwise determined by the by-laws of the Corporation or a resolution of the Audit Committee or the Board.

9. Transaction of Business

The powers of the Audit Committee may be exercised at a meeting where a quorum is present in person or by telephone or other electronic means, or by resolution in writing signed by all members entitled to vote on that resolution at a meeting of the Audit Committee.

10. Absence of Chair

In the absence of the Chair of the Audit Committee at a meeting of the Audit Committee, the members in attendance must select one of them to act as chair of that meeting.

11. Secretary

The Audit Committee may appoint one of its members or any other person to act as secretary.

12. Minutes of Meetings

A person designated by the Chair of the Audit Committee at each meeting will keep minutes of the proceedings of the Audit Committee and the Chair will cause the Secretary to circulate copies of the minutes to each member on a timely basis.

E. CHAIR

Each year, the Board will appoint one member to be Chair of the Audit Committee. If, in any year, the Board does not appoint a Chair of the Audit Committee, the incumbent Chair of the Audit Committee will continue in office until a successor is appointed.

F. REMOVAL AND VACANCIES

Any member may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out above. The Board will fill vacancies on the Audit Committee by appointment from among qualified members of the Board. If a vacancy exists on the Audit Committee, the remaining members will exercise all of its powers so long as a quorum remains in office.

G. ASSESSMENT

At least annually, the Corporate Governance Committee will review the effectiveness of the Audit Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the mandate adopted by the Board.

H. REVIEW AND DISCLOSURE

The Audit Committee will review this Charter at least annually and submit it to the Corporate Governance Committee together with any proposed amendments. The Corporate Governance Committee will review the Charter and submit it to the Board for approval with such further amendments as it deems necessary and appropriate.

This Charter will be posted on the Corporation's website and the annual report of the Corporation will state that this Charter is available on the website or is available in print to any shareholder who requests a copy.

I. ACCESS TO OUTSIDE ADVISORS AND RECORDS

The Audit Committee may retain any outside advisor at the expense of the Corporation at any time and has the authority to determine any such advisor's fees and other retention terms.

The Audit Committee, and any outside advisors retained by it, will have access to all records and information relating to the Corporation which it deems relevant to the performance of its duties.