DISTINCT INFRASTRUCTURE GROUP INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2016

Dated MAY 27, 2016

Disclosure Regarding Forward-Looking Statements

This Management's Discussion and Analysis contains forward-looking statements that include risks and uncertainties that are disclosed under the section Risk Factors. Other factors that could affect actual results are uncertainties pertaining to government regulations, both domestic as well as foreign, and the changes within the capital markets.

MANAGEMENT DISCUSSION & ANALYSIS FOR THE PERIOD ENDED MARCH 31, 2016

Notice to Reader

Management has compiled the condensed consolidated interim financial statements of Distinct Infrastructure Group Inc., (“DIG” or the “Company”) consisting of the Condensed Consolidated Interim Statement of Financial Position, the Condensed Consolidated Interim Statements of Comprehensive Income, Condensed Consolidated Interim Changes in Equity, and Condensed Consolidated Interim Statement of Cash Flows for the period ended March 31, 2016. All amounts are stated in Canadian Dollars unless otherwise specified.

The following Management Discussion and Analysis (“MD&A”) of Distinct Infrastructure Group Inc. financial condition and results of operations, prepared as of March 31, 2016, should be read in conjunction with the consolidated audited financial statements of the Company for the period ended December 31, 2015, which are incorporated by reference herein and form an integral part of this MD&A.

Our MD&A is intended to enable readers to gain an understanding of the Company’s current results and financial position. To do so, we provide information and analysis comparing the results of operations and financial position for the current period to those of the preceding year. We also provide analysis and commentary that we believe is required to assess the Company's future prospects. Accordingly, certain sections of this report contain forward-looking statements that are based on current plans and expectations. These forward-looking statements are affected by risks and uncertainties that are discussed in this document and that could have a material impact on future prospects. Readers are cautioned that actual results could vary.

Cautions Regarding Forward-Looking Statements

This MD&A contains certain forward-looking statements, which reflect management’s expectations regarding the Company’s results of operations, performance, growth, and business prospects and opportunities.

Statements about the Company’s future plans and intentions, results, levels of activity, performance, goals or achievements or other future events constitute forward-looking statements. Wherever possible, words such as "may," "will," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management’s current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking

statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including: general economic and market segment conditions, competitor activity, product capability and acceptance, international risk and currency exchange rates and technology changes. More detailed assessment of the risks that could cause actual results to materially differ than current expectations is contained in the "Quantitative and Qualitative Disclosures of Market Risk" section of this MD&A. Unless otherwise indicated, all references to "Dollar" or the use of the symbol "$" are to the Canadian Dollar in MD&A.

The preparation of the financial statements are in conformity with International Financial Reporting Standards ("IFRS") and requires management to make assumptions that affect the reported amounts of assets, liabilities and expenses in addition to the disclosure of contingent liabilities at the date of the financial statements and reporting amounts. Distinct Infrastructure Group Inc. bases its estimates on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ and will most likely differ from those estimates.

OVERVIEW OF DISTINCT INFRASTRUCTURE GROUP INC.

Who We Are

- Distinct Infrastructure Group Inc. (“DIG” or “Company”) is a Canadian company founded in April 2007 and is a design, engineering, construction and maintenance Company. The Company is publicly traded on the TSX Venture Exchange ("TSXV") as of August 24, 2015 under the symbol “DUG”. The Company's principal address and registered office of records is located at 77 Belfield Road, Toronto, Ontario, M9W 1G6, with operational offices in Toronto, Calgary, Sherwood Park (Alberta) and Regina. The Company’s primary focus is the Ontario and Alberta economic landscape of opportunity in infrastructure, utilities and telecommunication. All levels of government have made significant multi-year financial commitments to maintain and improve existing infrastructure, while aggressively pursuing new infrastructure over the next 20 years.

Our Growth Story

- The Company has grown revenue and EBITDA from $8.7 million and $900 thousand in 2010, respectively, to $37.1 million and $5.6 million in fiscal year 2015 ($6.8 million adjusted EBITDA).
- Revenues and EBITDA for the first quarter ending March 31, 2016 (“Q1 FY2016”) were $10.8 million and $1.0 million, respectively, compared to the first quarter ending February 28, 2015 (“Q1 FY2015”) of $6.2 million and $0.7 million.
- DIG successfully listed on the TSX Venture Exchange on August 24, 2015.

Note: EBITDA and Adjusted EBITDA are non-GAAP/IFRS figures. Management believes that, in addition

to net earnings, EBITDA and Adjusted EBITDA are useful measures as they provide an indication of the results generated by the Company's principal business activities. Adjusted EBITDA is calculated as EBITDA plus one-time costs relating to financing and public listing activities.

Capitalization

- Market Capitalization of $● million (as of May 30, 2016)
- Basic Shares Outstanding: 263.3 million
- Fully Diluted Shares Outstanding: 312.1 million (total cash proceeds of $10.1 million upon full exercise of outstanding options and warrants)

Mission Statement

We aspire to be the recognized leader in design, engineering and construction services for infrastructure and communication companies in North America. We strive to build long term relationships by exceeding client expectations with a focus on safety and quality of work.

Vision

DIG strives to grow by investing in its people, technology, systems and partners. We will continuously adapt our business to our clients' needs and be opportunistic of opportunities that leverage our skills and relationships.

Values

Health & Safety

We are committed to the protection of the health and safety of our employees and the general public. We believe that incidents and injuries are preventable, and have developed a proud culture in which all employees, partners, contractors and subcontractors share this commitment for health and safety.

Integrity

We act with integrity and operate at the highest standards of moral and ethical values. DIG is built on traditional values inherited from its founders. Long term relationships are the heart of our business, and integrity and trust are the foundation to these relationships.

Quality

Client satisfaction is delivered by exceeding client expectations. We continually invest in our people, ensure our fleet is state of the art and that our systems can deliver work on time and on budget.

Commitment

Our employees are our greatest asset and allow DIG to deliver on its Mission and Vision which result in highly valued long term relationships. We pride ourselves on our reputations and the resulting relationships.

Acquisitions

1. On May 1, 2015, the Company acquired all the issued and outstanding shares of DC Connections Inc. ("DC"), a small St. Albert, Alberta-based telecom construction company similar in nature to DistinctTech Inc.("DistinctTech"). The Company acquired the assets and business of DC for $188,236 in cash. DC is an operating company in Alberta and as such met the definition of a business under IFRS 3. The the assets and liabilities of DC are included in the consolidated statement of financial position at their book values which approximate their fair market value on closing of the transaction. Share capital and retained earnings of the acquired company were eliminated on consolidation. The DC acquisition was an arm's length transaction. There were no related parties to the Company involved in the transaction.

2. The Company completed a three-cornered amalgamation on August 13, 2015, pursuant to a definitive amalgamation agreement dated June 29, 2015. As a result of the agreement, QE2 Acquisition Corp. ("QE2") issued 217,218,927 common shares to the shareholders of DistinctTech, resulting in DistinctTech's shareholders controlling QE2. The transaction constitutes a reverse take-over of QE2. On August 21, 2015, QE2 changed its name to Distinct Infrastructure Group Inc. and commenced trading on the TSXV as "DUG" on August 24, 2015.

   Distinct Infrastructure Group Inc. (formerly QE2 Acquisition Corp.) is treated as the acquiree and DistinctTech is treated as the acquiror. As a result, the amalgamated entity is deemed to be a continuation of DistinctTech and DistinctTech is deemed to have acquired control of the assets of the Company with the consideration of the issuance of capital, and therefore IFRS 2 Share-based Payments is applicable.

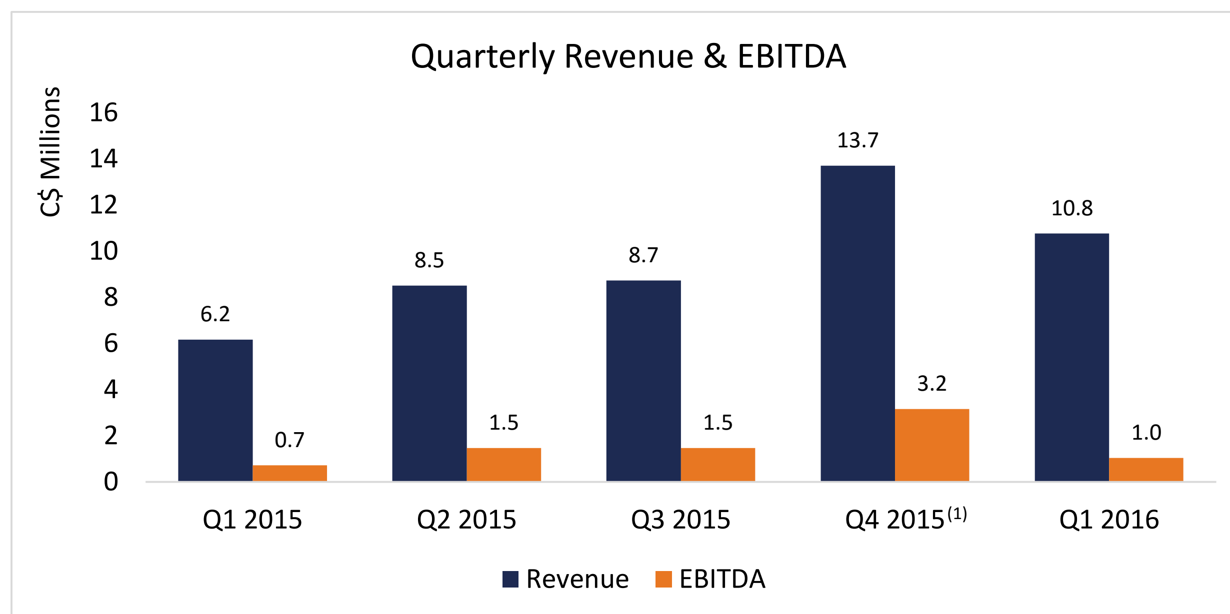
   As of the date of the Transaction, there were 38,048,964 QE2 shares issued and outstanding, 1,500,000 employee options and 5,763,290 warrants.

3. On March 10, 2016, the Company acquired all of the issued and outstanding securities of Mega Diesel Excavating Ltd. an Alberta based company, from two arm's length parties for an aggregate purchase price of $2,623,307 of which $2,121,840 was paid on closing and the balance of $501,467 is payable on July 10, 2017. The Company also acquired cash of $201,716 and issued 350,000 options as part of the transaction.

HIGHLIGHTS FOR THE PERIOD ENDING MARCH 31, 2016

Select Financial Information

Period ended	Three months ending March 31, 2016	Three months ending February 28, 2015
INCOME STATEMENT		
Revenues	10,759,455	6,164,553
Direct Costs	7,668,678	4,301,380
Gross Margin	3,090,777	1,863,173
Gross Margin %	28.7%	30.2%
EBITDA	1,029,461	717,818
Net and comprehensive (loss) income	(270,725)	205,918
(Loss) earnings per share – basic	$(0.001)	$0.001
(Loss) earnings per share – diluted	$(0.001)	$0.001
BALANCE SHEET		
Total assets	54,254,897	21,573,190
Working capital	25,196,726	2,292,163
STATEMENTS OF CASH FLOWS		
Cash from operations	(3,496,058)	(220,052)
Net cash inflow (outflow)	(4,071,010)	1,083



Note: EBITDA and Adjusted EBITDA are non-GAAP/IFRS figures. Management believes that, in addition to net earnings, EBITDA and Adjusted EBITDA are useful measures as they provide an indication of the results generated by the Company's principal business activities. Adjusted EBITDA is calculated as EBITDA plus one-time costs relating to financing and public listing activities.

(1) For the four month period ending December 31, 2015

Revenue

Revenue for the first quarter ended March 31, 2016 increased to $10,759,455 from the first quarter ended February 28, 2015 of $6,164,553, an increase of 74.5% or $4,594,902. The Company has been involved with larger scale projects and projects of longer duration, spurred by increasing demand from customers. Factors that contributed to increased revenues include:

(a) Increased construction projects from one of the Company's largest customers. The Company continues to perform well in its telecommunication infrastructure business. The mild winter also contributed to higher than normal productivity due to fewer than average lost days.

(b) Start-up revenues from the iVAC business segment. This business started in the fourth quarter of 2014 and continues to show strong internal and external growth. First quarter results were slightly lower than expected due to the mild winter and fewer calls for watermain breaks.

(c) The Company acquired Mega Diesel Excavating Ltd. ("Mega Diesel") in March 2016, adding one month's revenue to the quarter. Revenue for the month was $301,255.

Direct Costs

Direct costs for the quarter ending March 31, 2016 increased by $3,367,298, or 78.2%, over the quarter ending February 28, 2015. The increase is in direct correlation to the 74.5% increase in revenues in the same period under review. Direct costs are made up of materials, labour, and overhead. Direct costs were 71.3% of revenues for the quarter ended as compared to 69.8% for the quarter ended February 28, 2015.

Operating Expenses

Operating costs consist of the following major expense sub categories: selling, general & administrative expenses, travel and promotion, legal and accounting, office and general expenses, rent and maintenance, salaries and related costs, interest on borrowed funds and amortization of equipment.

Particulars	Three months ending March 31, 2016	Three months ending February 28, 2015
Salaries and wages	631,990	234,092
Communication expense	29,994	12,401
Bank charges and other related costs	10,224	3,475
Advertising and promotion	170,235	54,952
Professional fees	594,582	436,246
Occupancy costs	170,363	61,347
Insurance expense	52,068	27,768
Office expense	67,519	47,517
Information technology costs	93,686	56,948
Travel expense	163,556	62,187
Other expenses	77,098	148,422
Depreciation	532,279	127,712
Interest on capital leases and other finance costs	108,108	52,493
Loan interest	659,798	139,694

Salaries and Wages

Salaries and wages are comprise of staffing costs associated with our operations center, control center, finance, HR, IT, customer service, corporate and administrative personnel. Salaries for the three months ended March 31, 2016 were $631,990 compared $234,092 for the three months ended February 28, 2015. This was due mainly to the Company's organic growth and to the inclusion in this quarter of the operations of acquisitions of the Company. The first quarter ending March 31, 2016 included the operations of three new subsidiaries that were acquired by the Company in second half of 2015 and early 2016.

Communication Expense

Communication expense includes cellular, telephony and fax expenses. This category of expense increased to $29,994 compared to $12,401 in the year-ago comparable period. The Company's acquisitions and the organic growth of its core business segments account for this increase. The Company is making every effort to ensure operating expenses are controlled.

Bank Charges and other related costs

Bank charges and other related costs were $10,224 as compared to $3,475 in the year-ago comparable period. The increase of $6,749 was due mainly to an increase in banking activities, such as electronic funds transfers (EFT), online banking, and banking costs associated with the acquisitions.

Advertising and Promotions

This category of costs increased to $170,235, an increase of $115,283 as compared to the quarter ending February 28, 2015. The increase was driven by the need for the Company to promote its existing and new service offerings as well as investor relations ("IR") related promotional costs and charitable program funding. The Company continues to make contributions to the community in the form of various sponsorships and charitable contributions. The Company will continue to spend prudently on this category to ensure relationships and partnerships are acquired and managed.

Professional Fees

Professional fees increased by $158,336 or 36.3%. The increase was mainly attributed to consulting and business advisory fees incurred during the quarter ending March 31, 2016.

Occupancy Costs

Occupancy costs increased by 177.7% to $170,363 for the quarter ending March 31, 2016 as compared to the quarter ending February 28, 2015. In June 2015, the Company moved into a new location with larger office and warehouse space to accommodate the Company's growth. Additionally, the Company leased office and warehouse space in Alberta for the acquisitions that have taken place.

Insurance

Insurance expense increased to $52,068 from $27,768 when compared to the three period ending February 28, 2015. The increase was due mainly to additions to the Company's fleet and equipment. These

costs are in direct correlation with the size of the fleet.

Office Expenses

Office expenses increased by $20,002 from $47,517. This increase was mainly a result of increased staffing and growth of the Company's operations when compared to the quarter ending February 28, 2015

Information Technology Costs

IT costs increased by $36,738 during the quarter ending March 31, 2016 over the quarter ending February 28, 2015. The Company made significant investments in this area to automate processes in the Company's various departments. This has already started to yield benefits of increasing efficiencies and reducing processing times for invoicing, collections, purchasing and operations. During the fourth quarter of 2015, the Company implemented a new ERP system in its main business unit and is on track to implement this system in all of its businesses by the end of the first half of 2016. These investments create a differentiator for the Company in its project management and operations groups, and are important to ensure that the Company can continue to scale its operations and integrate its acquisitions in a timely and efficient manner.

Travel Expenses

Travelling expenditure increased by $101,369 to $163,556 for the quarter ending March 31, 2016 as compared to the three months ending February 28, 2015. This increase was due to travelling costs associated with the new operations in Western Canada, the acquisition of Mega Diesel, business development initiatives in the west, and the company's new IR program.

Other Expenses

Other expenses decreased by $71,324 to $77,098 for the quarter ending March 31, 2016 from $148,422 during the quarter ending February 28, 2015. This was mainly due to some training for staff being undertaken by union representatives instead of wholly by the Company.

Amortization of Property, Plant and Equipment

Amortization of property, plant and equipment for the three months ended March 31, 201 increased by $404,567 as compared to the three months ending February 28, 2015. This was due to additional leased capital assets, in particular, the increased number of hydrovacs. The Company plans on adding to its fleet of equipment and vehicles as the Company continues to grow to meet customer demand.

Interest on Capital Leases and Other Finance Costs

These expenses increased by $55,615 for the three months ended March 31, 2016 to $108,108. This increase was for interest paid on capital leases. This expense line item will continue to grow as the company continues to add new equipment.

Loan Interest

Loan interest increase to $659,798, or 372%, from $139,694 as compared to the three month period ending February 28, 2015. This increase was due mainly to interest costs associated with a new loan agreement with Crown Capital as well as a minor increase in interest costs associated with the Company's line of credit.

Quarterly Results

	Three Months ended March 31, 2016	Four Months ended December 31, 2015	Three Months ended August 31, 2015	Three Months ended May 31, 2015
INCOME STATEMENT				
Revenues	10,759,455	13,704,896	8,727,311	8,507,528
Expenses(1)	10,262,273	12,418,490	7,565,160	7,523,230
Net and comprehensive (loss) income	(270,725)	933,009	527,587	603,887
Earnings per share – basic	(0.0010)	0.0036	0.0025	0.0036

	Three Months ended February 28, 2015	Three Months ended November 30, 2014	Three Months ended August 31, 2014	Three Months ended May 31, 2014
INCOME STATEMENT				
Revenues	6,164,553	7,412,125	6,667,846	6,549,228
Expenses(1)	5,574,447	6,153,742	5,763,865	5,589,906
Net and comprehensive (loss) income	205,918	858,529	680,326	580,948
Earnings per share – basic	0.0014	0.0056	0.0045	0.0038

(1) Excludes interest expense and income taxes

RESULTS OF OPERATIONS

The Company reported net loss for the quarter ending March 31, 2016 of $(270,725) as compared to net income of $205,918 for the quarter ending February 28, 2015. The decrease in net income was a result of slower than expected ramp up of business in Western Canada, along with a minor increase in direct cost and SG&A growth relative to revenue growth. The Company is investing in business development in this area and there are signs that this geographical segment should see an increased volume of projects in the second half of 2016. Historically, the first quarter is the slowest for the company, and is also the quarter in which the company invests in its organization and people to prepare for the ramp up of business through the remainder of the year.

Revenue for the quarter ending March 31, 2016 was $10,759,455 as compared to $6,164,553 for the first quarter of 2015. The growth is attributable to strong organic growth. Organic growth accounted for the majority of this increase as the Company procured additional projects and continues to increase its book of business with its key customers in the telecommunications sector. The Company anticipates that this organic growth will continue for some time.

Expenses for the quarter ending March 31, 2016 were $10,262,273 as compared to $5,574,447 for the first quarter in 2015. This increase was due to increased costs associated with revenue volume growth and business development. During the year, the Company also added capital lease assets that have contributed to an increase in depreciation.

Liquidity and Capital Resources

As at March 31, 2016, the Company had cash and cash equivalents of $4,463,659 compared to $8,534,669 as at December 31, 2015. Work in progress was $14,296,269 at March 31, 2016 compared to $9,074,081 as at December 31, 2015, due mainly to increased volumes of work the Company carried out during the period. Total current assets amounted to $36,524,124 (December 31, 2015 – $35,908,724) with current liabilities of $11,327,398 (December 31, 2015 – $8,719,675) resulting in a working capital balance of $25,196,726 (December 31, 2015 – $ 27,189,049). The nature of the work being issued to the Company by its biggest customer has been changing during the first quarter ending March 31, 2016, with projects becoming larger and of a longer nature. This change in the mix of work will require an investment in working capital by the Company.

The Company has a revolving loan with a major bank for a maximum of $8,500,000. As at March 31, 2016, the balance of the loan was $2,430,700 (December 31, 2015 – $nil). The bank loan is due on demand, bears interest at the Bank's prime lending rate plus 2% per annum and is secured by a general security agreement, an assignment of insurance and guarantee postponement of claim in the amount of $750,000 by each of the two non-independent directors of the Company.

Convertible Debentures

The Company had convertible debentures valued at $884,551 that were inherited on the acquisition of QE2. On August 11, 2015, pursuant to a supplemental indenture, the debenture holders agreed to reduce the interest rate on the original convertible debentures from 12% to 8% per annum and extend the maturity date from October 20, 2016 to October 20, 2018. Interest is paid semi-annually and is accrued by the company until paid. As at March 31, 2016, accrued interest was $17,208.

Long Term Debt

(a) In November 2015, the Company closed a credit agreement with Crown Capital Fund IV, LP ("Crown") for a $20,000,000 term loan ("Debt") for the purposes of future acquisitions. The term loan has an aggregate amount of $20,000,000 outstanding and bears interest at a fixed interest rate of 10% per annum payable in arrears and payable monthly, maturing in 60 months. The Company has, under the term loan, the option to prepay as follows: After 18 months have lapsed, subject to a prepayment fee ranging from 1% to 3%, the Company has the option to prepay in increments of $1,000,000 (for clarity, the 1% to 3% prepayment fee will apply to a maximum principal amount of $20,000,000).

    The Debt is secured by the following: (i) a second-ranking general security agreement over all present and after-acquired property of the Company subject to first priority on the general security agreement held by another party; (ii) a securities pledge agreement from each obligator constituting a second–ranking lien (subject to permitted liens) on all equity interests such obligator owns in another obligator; and (iii) all share certificates, stock powers of attorney,

promissory notes, consents, authorizations and other documents necessary in order to make the agreement valid and effective.

Under the terms of the Debt, the Company granted 8,000,000 common shares to Crown at a deemed price of $0.085 per share. Crown was also paid a $400,000 cash fee. These amounts are being accreted over the life of the debt.

The Debt requires the Company to comply with certain financial covenants. The financial covenants are detailed below:

(i) Debt Service Coverage Ratio – The Company shall maintain a Debt Service Coverage Ratio, determined as at the end of each fiscal quarter, of no less than 1.25:1

(ii) Net Debt to TTM EBITDA Ratio – The Company shall maintain a Net Debt to TTM EBITDA Ratio, determined as at the end of each fiscal quarter, of no more than 3:1

EBITDA is calculated on a pro-forma trailing twelve month basis. EBITDA is specifically defined in the credit agreement and excludes extraordinary, unusual and non-recurring items for such period.

(b) In March 2016 the Company acquired Mega Diesel Excavating Ltd for $2,623,307. The Company paid cash of $2,121,840 on closing with the balance of $501,467 payable on July 10, 2017.

Balance Sheet Variations

Current Assets

Current assets, which includes cash, trade receivables, work in progress, and prepaid expenses, increased by $615,400 for the quarter ending March 31, 2016, as compared to the year ending December 31, 2015. The increase is due primarily to the increase in work in progress related to increased business activities in our main line of business, partially offset by reduced cash on hand needed to finance the working capital along with the acquisition of Mega Diesel.

Non-Current Assets

Non-current assets, which includes property, plant and equipment, goodwill and assets under capital lease, increased by $3,354,104 since December 31, 2015. The increase is primarily due to additional leased equipment and vehicles and the recognition of goodwill on the acquisition of Mega Diesel Excavating Ltd. The Company continues to make investments in equipment and vehicles as the business continues to grow.

Current Liabilities

Current liabilities, which includes accounts payable and accrued liabilities, notes payable and obligations under finance leases, income taxes payable and bank indebtedness, increased by $2,607,723 since December 31, 2015, due primarily to an increase in credit facilities and increases in accounts payable.

Non-Current Liabilities

Non-current liabilities include long term notes payable, long-term debt and obligations under finance leases. Non-current liabilities increased by $1,589,527 from December 31, 2015. The increase is due primarily to capital leases acquired through the Mega Diesel acquisition.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Transactions with Related Parties

Due from Related Party

ABL provides engineering services to the Company. Transactions between the parties are incurred in the normal course of business. During the period, the Company has recorded services on a pass through basis of $80,000 (2015 – $326,157). As at March 31, 2016, $1,726,355 (2015 – $1,821,789) remains receivable. The shareholders of ABL have provided personal guarantees up to $2,000,000 and ABL will repay amounts outstanding within 24 months, starting in June 2016. There will be no additional advances to related parties in the normal course of business.

Due from Shareholders

Receivables outstanding from two majority shareholders and co-chief executive officers of the Company amounts to $225,631 (2015 – $225,631). The outstanding amounts will be repaid over the next twenty four months, is personally guaranteed by the shareholders and bears interest at the Bank of Canada's prime rate plus 1% per annum.

Compensation of Key Management Personnel

The Company pays its co-chief executive officers by way of a management services agreement(s) with companies controlled by these individuals. Payments totalling $196,538 was paid for the period ending March 31, 2016 (February 28, 2015 – $161,812).

The Company pays its other key management personnel by way of management services agreement(s) with companies controlled by these individuals. Payments totalling $233,975 was paid for the period ending March 31, 2016 (February 28, 2015 – $105,601).

Critical Accounting Estimates

The Company's financial statements are impacted by the accounting policies used and the estimates and assumptions made by management during their preparation. The Company's accounting policies are described within the financial statements. The accounting estimates considered to be significant to the

Company include the computation of agents' warrant values, charitable stock option and stock-based compensation expenses and the recovery of future income tax assets.

Changes in Accounting Policies

The Company made no significant changes to its accounting policies during the first quarter of 2016. As of the third quarter of 2015, the Company has prepared its financial statements with prior year comparison as mandated by the International Financial Reporting Standards.

Financial Instruments and Other Instruments

The Company is not a party to any financial instruments and other instruments as defined in item 1.14 of National Instrument 51-102F1 — Management's Discussion and Analysis.

Fair Values

The estimated fair value of cash, accounts receivable, work in progress, borrowings and finance leases approximates their carrying values due to the relatively short-term nature of the instruments. The fair value of accounts payables and accrued liabilities approximates their fair values due to the requirement to extinguish the liabilities on demand.

Financial Risk Management Objectives and Policies

The financial risk arising from the operations of the Company and its subsidiaries (altogether, the "Group") are currency risk, credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Group's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's senior management oversees the management of these risks. The Board of Directors reviews and approves policies for managing each of these risks, which are summarized below.

Credit Risk

Credit risk arises from cash, cash equivalents, deposits with banks and financial institutions as well as credit exposure to customers, including outstanding receivables and committed transactions. Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Liquidity Risk

The Company has liquidity risk associated with credit facilities of $2,551,838, (December 31, 2015 – $337,461), accounts payable and accrued liabilities of $5,454,205 (December 31, 2015 - $4,961,331) and current portion of obligations under finance leases of $1,933,549 (December 31, 2015 – $2,013,652).

Liquidity risk is the risk that the Company cannot repay its obligations when they become due to its creditors. The Company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintaining an adequate line of credit to repay trade creditors and repaying long-term debt interest and principal as scheduled.

Undiscounted cash outflow of financial liabilities based on maturity date are as follows:

	1 year	2 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	5,454,205	-	-	5,454,205
Debentures and other debt	23,354	1,489,800	-	1,513,154
Long-term debt	-	20,000,000	-	20,000,000
Finance lease obligations	1,933,549	6,178,172	-	8,111,721

Fair Value Hierarchy

The following summarizes the methods and assumptions used in estimating the fair value of the Group's financial instruments where measurement is required. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in IFRS.

Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level two includes inputs that are observable other than quoted prices included in level one.

Level three includes inputs that are not based on observable market data.

All of the Group's cash is level one as per the fair value hierarchy included in IFRS.

CAPITAL MANAGEMENT

The Company's primary objectives when managing capital are to continue the development of the business and support new growth initiatives. The Board of Directors does not establish quantitative capital criteria for management, but rather relies on the expertise of the Group's management to sustain the future development of the business and continued growth.

The Group includes equity, comprised of issued capital stock, warrants and conversion rights and deficit, in the definition of capital. The Group is dependent on internal as well as external financing to fund its activities. In order to carry out planned business activities and pay for administrative costs, the Group will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable.

Capital Structure

The authorized share capital of the Company consists of an unlimited number of voting common shares and an unlimited number of preferred shares, issuable in series.

On April 2, 2015, DistinctTech amalgamated with its two wholly owned Ontario numbered holding companies (2210291 Ontario Ltd & 2210296 Ontario Ltd) for tax planning purposes. The 150 common shares of DistinctTech along with all the shares of the numbered companies were returned to treasury for cancellation and 151,000,000 common shares were issued as replacement to the existing shareholders.

Between April 27, 2015 and June 1, 2015, the Company closed three tranches of a brokered private placement, issuing a total of 55,565,645 units (the "Units") at $0.10 per Unit for gross proceeds of $5,556,565. Each Unit consists of one common share and one-half common share purchase warrant. Each whole common share purchase warrant ("Warrant") has an exercise price of $0.20 per share and expires within 36 months of issuance. The Warrants are subject to a forced conversion ("Forced Conversion"), at the option of the Company, if the common shares trade at or above $0.30 per share for a period of 20 non-consecutive trading days. The Warrants will expire on the 20th business day following the date that notice of the Forced Conversion is sent to the Warrant holders.

In connection with the brokered private placement, the Company incurred share issuance cost of $535,132 and issued 4,317,252 broker warrants ("Broker Warrants"). Each Broker Warrant gives the holder the right to acquire one Unit any-time up to 36 months from closing at an exercise price of $0.10 per Unit.

The total DIG common shares outstanding as at March 31, 2016 was 263,267,891 and fully diluted shares of 312,095,756.

OTHER MD&A REQUIREMENTS

As defined in National Instrument 52-109 — Certification of Disclosure in Issuers' Annual and Interim Filings, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance, and that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

The Company has evaluated the effectiveness of its disclosure controls and procedures, as defined, and has concluded that they were effective as of the end of the period covered by this MD&A, as well as of the date of this MD&A. The Company has evaluated its internal controls and financial reporting procedures and have found them to be effective with the objective of reporting the Company's financial transactions.