DISTINCT INFRASTRUCTURE GROUP INC.

Consolidated Financial Statements

For the year ended December 31, 2016 and for the thirteen months ended December 31, 2015

(Audited, Expressed In Canadian Dollars)

Distinct Infrastructure Group Inc.

Table of Contents

	Page
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	4
Consolidated Statements of Comprehensive Income	5
Consolidated Statements of Cash Flows	6
Consolidated Statement of Changes in Equity	7
Notes to the Consolidated Financial Statements	8

Independent Auditors' Report

To the Shareholders of Distinct Infrastructure Group Inc.

We have audited the accompanying consolidated financial statements of Distinct Infrastructure Group Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2016, and the thirteen-month period ended December 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Distinct Infrastructure Group Inc. as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2016 and the thirteen-month period ended December 31, 2015 in accordance with International Financial Reporting Standards.

MNP LLP

Calgary, Alberta
April 27, 2017

Chartered Professional Accountants

MNP

Distinct Infrastructure Group Inc.
Consolidated Statements of Financial Position
As at December 31, 2016 and December 31, 2015

	Notes	2016 $	2015 $
ASSETS			
Current assets			
Cash		9,448,829	8,534,669
Accounts receivable	5	23,684,358	16,173,695
Inventory		246,369	244,745
Prepaid expenses and deposits	6	560,430	943,505
Work in progress	5	20,864,883	7,859,690
Due from shareholders	18	149,631	225,631
Due from related party	18	250,000	355,819
Total current assets		**55,204,500**	**34,337,754**
Non-current assets			
Deposits	6	105,000	105,000
Property and equipment	7	13,158,544	10,297,970
Goodwill	8	5,109,214	4,078,699
Due from related party	18	1,215,970	1,465,970
Total non-current assets		**19,588,728**	**15,947,639**
TOTAL ASSETS		**74,793,228**	**50,285,393**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Credit facilities	9	9,999,975	337,461
Accounts payable and accrued liabilities	10	6,503,980	4,961,331
Current portion of debentures and other debt	11	534,411	42,149
Income taxes payable	14	1,270,048	1,365,082
Current portion of finance lease obligations	13	3,106,304	2,013,652
Total current liabilities		**21,414,718**	**8,719,675**
Non-current liabilities			
Debentures and other debt	11	937,073	943,020
Long-term debt	12	18,877,433	18,929,986
Finance lease obligations	13	4,709,149	5,177,264
Total non-current liabilities		**24,523,655**	**25,050,270**
TOTAL LIABILITIES		**45,938,373**	**33,769,945**
Shareholders' equity			
Shares capital	15	21,104,399	9,819,050
Contributed surplus	16	286,958	43,489
Retained earnings		7,463,498	6,652,909
Total shareholders' equity		**28,854,855**	**16,515,448**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		**74,793,228**	**50,285,393**

Subsequent events (Note 25)

"Alexander Agius"
Director

"Joe Lanni"
Director

The accompanying notes are an integral part of these consolidated financial statements.

	Notes	2016 $	2015 $
Revenue		59,651,096	37,104,288
Expenses			
Direct costs		42,034,570	24,882,388
Selling, general and administrative		9,662,927	5,428,480
Depreciation	7	2,891,009	1,587,155
Total expenses		54,588,506	31,898,023
Earnings from operations		5,062,590	5,206,265
Other expenses			
Finance expense	23	3,664,931	976,460
Transaction costs on business combinations	24	74,270	1,061,089
One-time transaction costs		-	122,033
		3,739,201	2,159,582
Income before taxes		1,323,389	3,046,683
Income tax provision	14	512,800	776,282
Net and comprehensive income		**810,589**	**2,270,401**
Earnings per share:			
Basic and diluted	17	**0.03**	**0.11**

The accompanying notes are an integral part of these consolidated financial statements.

	Notes	2016 $	2015 $
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Net income		810,589	2,270,401
Items not affecting cash			
Finders' fee on reverse take-over	4	-	905,529
Accretion	23	225,445	43,137
Share-based compensation		229,010	21,412
Depreciation	7	2,891,009	-
Loss on disposal		18,253	1,587,155
		4,174,306	4,827,634
Changes in non-cash working capital items			
Accounts receivable		(7,030,995)	(4,763,889)
Inventory		(1,624)	(93,642)
Work in progress		(13,005,193)	(4,117,500)
Prepaid expenses and deposits		408,075	(935,029)
Accounts payable and accrued liabilities		1,523,824	(1,836,300)
Income taxes payable		(95,034)	824,963
Cash flows used in operating activities		(14,026,641)	(6,093,763)
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(1,256,392)	(1,230,649)
Cash acquired on reverse take-over	4	-	9,293
Proceeds from disposition of Candesto assets	4	-	725,000
Cash paid for business acquisition, net of cash acquired	4	(1,920,124)	-
Cash flows used in investing activities		(3,176,516)	(496,356)
FINANCING ACTIVITIES			
Repayment from (advances to) shareholder		76,000	(33,564)
Repayment of credit facilities	9	(337,461)	(7,861,442)
Proceeds from credit facilities	9	9,999,695	597,173
Repayment of debentures and other debt		(67,318)	(97,234)
Repayment from (advances to) related party		355,819	(283,417)
Proceeds of long-term debt	12	-	19,600,000
Payment of finance lease obligations	13	(2,944,767)	(1,832,100)
Issuance of shares, net of share issuance costs	15	11,035,349	5,021,433
Cash flows provided by financing activities		18,117,317	15,110,849
NET CASH INFLOW		914,160	8,520,730
CASH, BEGINNING OF PERIOD		8,534,669	13,939
CASH, END OF PERIOD		9,448,829	8,534,669

The accompanying notes are an integral part of these consolidated financial statements.

	Share capital				
	Number of shares[1]	Amount	Contributed surplus	Retained earnings	Total equity
Balance, November 30, 2014	**15,100,000**	**3**	**-**	**4,382,508**	**4,382,511**
Issuance of units (Note 15)	5,556,565	5,556,565	-	-	5,556,565
Share issuance costs (Note 15)	-	(535,132)	-	-	(535,132)
Issuance of agent options (note 15)	-	(22,077)	22,077	-	-
Issuance of common shares as finders' fee for RTO (note 4 (i))	1,065,328	905,529	-	-	905,529
Elimination of DistinctTech Inc. common shares on RTO (note 4 (i))	(21,721,893)	-	-	-	-
Issuance of Shares for financing fee (note 12)	800,000	680,000	-	-	680,000
QE2 common shares outstanding prior to RTO (note 4 (i))	3,804,896	-	-	-	-
Shares issued on completion of RTO (note 4 (i))	21,721,893	3,234,162	-	-	3,234,162
Share based compensation (note 16)	-	-	21,412	-	21,412
Net and comprehensive income	-	-	-	2,270,401	2,270,401
Balance, December 31, 2015	**26,326,789**	**9,819,050**	**43,489**	**6,652,909**	**16,515,448**
Conversion of broker warrants to common shares (note 16)	250,000	250,000	-	-	250,000
Issuance of common shares for financing fee (note 12)	200,000	250,000	-	-	250,000
Issuance of common shares (note 15)	8,518,516	11,500,000	-	-	11,500,000
Share issuance costs (note 15)	-	(714,651)	-	-	(714,651)
Issuance of options (note 4 (ii))	-	-	14,459	-	14,459
Share based compensation (note 16)	-	-	229,010	-	229,010
Net and comprehensive income	-	-	-	810,589	810,589
Balance, December 31, 2016	**35,295,305**	**21,104,399**	**286,958**	**7,463,498**	**28,854,855**

[1] On September 2, 2016 the Company consolidated its common shares on a 10 for 1 basis. All references to Share numbers reflect the consolidation.

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of operations

Distinct Infrastructure Group Inc. ("DIG", the "Company" and or the "Group") is a Canadian publicly traded design, engineering, construction, services and maintenance company. It predominantly services the telecommunications sector in southern Ontario, but has commenced services to other utilities in Ontario and Alberta. The Company was incorporated under the laws of the province of Ontario on April 25, 2007, and its name was subsequently changed by way of Articles of Amendment from Distinct Technical Services Inc. to DistinctTech Inc. In conjunction with the closing of a reverse take-over transaction (Note 4), the Company changed its name to Distinct Infrastructure Group Inc. The Company's shares are traded on the Toronto Venture Exchange (the "Exchange") under the symbol DUG.

The head office, principal address and registered records office of the Company is located at 77 Belfield Road, Toronto, Ontario, M9W 1G6.

2. Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and in effect as at January 1, 2016.

These consolidated financial statements are authorized for issue by the Board of Directors on April 27, 2017.

Basis of consolidation

These consolidated financial statements include the accounts of Distinct Infrastructure Group Inc. and the following wholly owned subsidiaries as at December 31, 2016.

Name of subsidiary	Principal activity	Place of Business and operation	Equity interest 2016	Equity interest 2015
DistinctTech Inc.	Utilities construction	Toronto, ON	100%	100%
Mega Diesel Excavating Ltd.	Hydrovac services	Edmonton, AB	100%	-
Pillar Contracting Ltd.	Civil light construction	Calgary, AB	100%	100%
Distinct Infrastructure Group (Alberta) Inc. (Formerly DistinctTech Inc. (Alberta))	Civil light construction	Edmonton, AB	100%	100%
iVac Services Inc. (Alberta) (Formerly Candesto Enterprises Ltd.)	Hydrovac services	Edmonton, AB	100%	100%
iVac Services Inc.	Hydrovac services	Toronto, ON	100%	100%
QE2 Holding Corp.	Inactive	Edmonton, AB	100%	100%
Distinct Environmental Solutions Inc.	Inactive	Toronto, ON	100%	100%
Boom Ventures Inc.	Inactive	Edmonton, AB	100%	100%

Subsequent to December 31, 2016, iVac Services West Inc. was created as result of the amalgamation between iVac Services Inc. (Alberta) and Mega Diesel Excavating Ltd. As well, Distinct Infrastructure Group West Inc. was created as a result of the amalgamation between Pillar Contracting Ltd. and Distinct Infrastructure Group (Alberta) Inc..

2. Basis of preparation *(continued from previous page)*

The consolidated financial statements of the Company are presented in Canadian dollars which is the Company's functional currency and have been prepared on a going concern basis under the historical cost convention, except for the initial recognition of assets and liabilities acquired in a business combination and for certain financial instruments that have been measured at fair value.

The Company changed its year end date from November 30 to December 31 in 2015. The consolidated financial statements have comparatives of thirteen months ending December 31, 2015 to twelve months ending December 31, 2016.

Use of judgments and estimates

Management is required to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities. Management reviews these judgments, estimates and assumptions on an ongoing basis. Actual results may differ from these estimates and these differences could be material.

Judgements
Judgement is used in situations when there is a choice and/or assessment required by management. The following are critical judgments apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements.

<u>Determining cash generating units ("CGU's")</u>
For the purpose of assessing impairment of property and equipment and goodwill, assets are grouped at the lowest level of separately identified cash flows which make up the CGU. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. In assessing the recoverability of tangible and intangible assets, each CGU's carrying value is compared to the greater of its fair value less costs to sell and value in use. Management has determined that the Company has two CGU's; West and East.

<u>Taxes</u>
The Company applies judgment in determining the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain due to interpretations of complex tax regulations, changes in tax laws, and the amounts and timing of future taxable income. Given the changes that have occurred in the ownership of the Company, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expenses already recorded.

<u>Contingencies</u>
Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

Estimates
Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results were a different estimate or assumption used. The significant areas of estimation uncertainty are as follows:

<u>Impairment of property and equipment</u>
The Company assesses impairment on its assets that are subject to depreciation when it has determined that a potential indicator of impairment exists. Impairment exists when the carrying value of a non-financial asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Company uses the calculation of fair value less costs to sell to determine the fair value of its CGUs. In determining the fair value less costs to sell, the amount is most sensitive to the selection and use of recent transactions, comparable data in the market and applied weighted average cost of capital to that data, to determine an implied fair value of the CGU being tested.

2. Basis of preparation *(continued from previous page)*

Revenue and work in process

The Company's estimates of contract revenue and cost are highly detailed. Management believes, based on its experience that its current systems of management and accounting controls allow the Company to produce materially reliable estimates of total contract revenue and cost during any accounting period. However, many factors can and do change during a contract performance period, which can result in a change to contract profitability from one financial reporting period to another. Some of the factors that can change the estimate of total contract revenue and cost include differing site conditions, the performance of major material suppliers to deliver on time, unusual weather conditions and the accuracy of the original bid estimate. Because the Company has many contracts in process at any given time, these changes in estimates can offset each other without impacting overall profitability. However, changes in cost estimates, which on larger, more complex construction projects can have a material impact on the Company's consolidated financial statements, are reflected in the results of operations when they become known.

A change order results from a change to the scope of the work to be performed compared to the original contract that was signed. Unpriced change orders are change orders that have been approved as to scope but unapproved as to price. For such change orders, contract revenue is recognized to the extent of costs incurred or, if lower, to the extent to which recovery is probable. Therefore, to the extent that actual costs recovered are different from expected cost recoveries, significant swings in revenue and profitability can occur from one reporting period to another.

Given the above-noted critical accounting estimates associated with the accounting for construction contracts, including change orders, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year or later could be different from the estimates and assumptions adopted and could require a material adjustment to revenue and/or the carrying amount of the asset or liability affected. The Company is unable to quantify the potential impact to the consolidated financial results from a change in estimate in calculating revenue.

Depreciation of property and equipment

Includes estimates of gross carrying amounts of assets, useful lives of assets and depreciation methods used.

Provision for doubtful accounts

The provision for doubtful accounts is reviewed by management on a monthly basis. Accounts receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. Management considers accounts to be past due when they are outstanding for greater than 180 days. Management makes these assessments after taking into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Company's historical bad debt expenses have not been significant and are usually limited to specific customer circumstances. However, given the cyclical nature of the infrastructure construction industry along with the current economic operating environment, a customer's ability to fulfill its payment obligations can change suddenly and without notice.

Purchase price allocations

The acquired assets and assumed liabilities are recognized at fair value on the date the Company effectively obtains control. The measurement of each business combination is based on the information available on the acquisition date. The estimate of fair value of the acquired intangible assets (including goodwill), property and equipment, other assets and the liabilities assumed are based on assumptions. The measurement is largely based on projected cash flows, discount rates and market conditions at the date of acquisition.

Goodwill

The value in use of goodwill has been estimated using the forecasts prepared by management for the next five years. The key assumptions for the estimate are those regarding revenue growth, gross margin, discount rate and the level of working capital required to support the business. These estimates are based on past experience and management's expectations of future changes in the market and forecasted growth initiatives.

2. Basis of preparation *(continued from previous page)*

Unanticipated changes in these assumptions or estimates could materially affect the determination of the fair value of a CGU and, therefore, could reduce or eliminate the excess of fair value over the carrying value of a CGU entirely and could potentially result in an impairment charge in the future.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Business combinations

Acquisitions of subsidiaries and assets that meet the definition of a business under IFRS are accounted for using the acquisition method. The consideration for each acquisition is measured at the date of exchange as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Company. The identifiable assets acquired and liabilities and contingent liabilities assumed that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for, deferred income taxes, employee benefit arrangements, share-based compensation, and assets held for sale, which are measured in accordance with their applicable IFRS. Any excess consideration over the fair value of the identifiable net assets is recognized as goodwill. Acquisition-related costs, other than those associated with the issuance of debt or equity, are recognized in earnings as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date up to a maximum of one year.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 either in earnings or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured and its final settlement shall be accounted for within equity.

b) Cash

Cash consists of bank balances and highly liquid short-term investments with a maturity date of less than 90 days which are convertible to known amounts of cash at any time by the Company without penalties.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses (if any). Such costs include expenditures directly related to the acquisition of the asset, the cost of replacing part of the property and equipment and borrowing costs if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of comprehensive income as incurred.

3. Summary of significant accounting policies *(continued from previous page)*

Depreciation of property and equipment is not recorded until such time as the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation is calculated over the estimated useful life of the assets, at the following rates and methods:

Construction equipment under finance lease	20% Declining balance
Office and computer equipment	20% Declining balance
Machinery, vehicles and equipment	20% Declining balance

Gains or losses arising from de-recognition of an item of property and equipment are measured as the difference between the sale proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive income when the asset is derecognized.

e) Goodwill

The Company measures goodwill as the the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and the liabilities assumed, all measured as of the acquisition date. Since goodwill results from the application of the acquisition method of accounting for a business combination, it is inherently imprecise and requires judgement in the determination of the fair value of assets and liabilities.

Goodwill is allocated to the Company's CGUs or group of cash generating units that are expected to benefit from the synergies of the business combination. Goodwill is not amortized, but is tested for impairment at least annually. An impairment loss in respect of goodwill is not reversed. On the disposal or termination of a previously acquired business, any remaining balance of associated goodwill is included in the determination of the gain or loss on disposal.

f) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; and/or,
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of all financial assets is directly reduced by the impairment loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

3. Summary of significant accounting policies *(continued from previous page)*

g) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGUs to which the asset belongs, which is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is based on available market information, where applicable. In the absence of such information, it is determined using discounted future net cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Goodwill is reviewed for impairment annually or more frequently if there are indications that impairment may have occurred. Goodwill impairment is tested at either the individual or group CGU level and is determined based upon the amount of future discounted cash flows generated by the individual CGU or group of CGU's compared to the individual CGU or group of CGU's respective carrying amount. If the impairment loss exceeds the carrying amount of goodwill, the goodwill is written off completely. Any impairment loss left over is allocated to the remaining assets of the individual CGU or group of CGU's.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

h) Taxes

Tax expense comprises current and deferred tax. Current and deferred taxes relating to items recognized directly in equity and other comprehensive income are recognized in equity and other comprehensive income and not in net income.

Current tax
Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax is recognized, using the asset and liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position.

Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

3. Summary of significant accounting policies *(continued from previous page)*

Deferred tax liabilities:

- are generally recognized for all taxable temporary differences; and,
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and,
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

i) Revenue recognition

The Company's revenue is comprised of service and sales revenue. These revenues are recognized based on the percentage of completion method when the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Company; the stage of completion of the transaction at the end of the reporting period can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. When the outcome cannot be determined reliably, revenue is recognized to the extent that costs are recoverable. The stage of completion of a transaction may be determined by a variety of methods. The Company uses the method that measures reliably the services performed, being surveys of work performed.

j) Work in progress

Work in progress represent unbilled amounts expected to be collected from customers for contract work performed to date. The amount is measured at cost plus profit recognized to date less progress billings and recognized losses. Costs include all expenditures directly related to specific projects. Contracts in progress is presented as a current asset for all contracts in which costs incurred plus recognized profits exceeds the progress billings and the amounts are expected to be billed and recovered within twelve months. If progress billings exceed costs incurred plus recognized profits, the difference represents amounts billed in advance for contract work yet to be performed and is presented as deferred income.

k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments with the corresponding liability recognized for the finance lease obligation. Lease payments are apportioned between interest expense and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. Lease incentives, if received, are recognized as a reduction of the related expense on a straight-line basis over the lease term.

3. Summary of significant accounting policies *(continued from previous page)*

l) Financial assets

Financial assets are classifies as either financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. When, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, the investment is reclassified into the available-for-sale category.

FVTPL includes financial assets held for trading and financial assets designated upon initial recognition at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. FVTPL are carried in the consolidated statements of financial position at fair value, with changes in fair value recognized in finance income or finance cost in the consolidated statements of comprehensive income. The Company's FVTPL assets are comprised of cash.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss. The Company's loans and receivables are comprised of accounts receivable, due from shareholders and due from related party.

A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the loan and receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statements of comprehensive income. When a loan and receivable is uncollectible, it is written off against the allowance account for loans and receivables.

Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Held to maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are measured at amortized cost using the effective interest rate method, less any impairment losses. Impairment losses are recognized in profit or loss.

Available-for-sale financial assets
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other three asset categories. After initial recognition, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized in other comprehensive income ("OCI") until the asset is derecognized, or impaired, at which time the cumulative gain or loss previously reported in OCI is included in profit or loss.

3. Summary of significant accounting policies *(continued from previous page)*

m) Financial liabilities

The Company classifies its financial liabilities as fair value through profit and loss ("FVTPL") and other financial liabilities. Management determines the classification of its financial liabilities at initial recognition.

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL. FVTPL are carried in the consolidated statements of financial position at fair value, with changes in fair value recognized in finance income or finance cost in the consolidated statements of comprehensive income. The Company does not have any financial instruments classified as FVTPL.

Other financial liabilities are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest rate method. Other financial liabilities include credit facilities, accounts payable and accrued liabilities, promissory notes and long-term debt.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

n) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted into common shares of the Company. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry, where this is transferred to common shares or contributed surplus.

o) Fair value of financial instruments

The Company has classified its financial instrument fair values based on the required three level hierarchies:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuations based on observable inputs other than quoted active market prices; and,
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value of cash is based on level 1 inputs.

p) Transaction costs

Transaction costs for financial instruments other than FVTPL are capitalized in the period they are incurred. Transaction costs for loan facilities that have durations longer than one year are capitalized and amortized using the effective interest rate method over the period that corresponds with the term of the loan facilities.

q) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. Summary of significant accounting policies *(continued from previous page)*

r) Per share amounts

Basic earnings or loss per share is calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted earnings or loss per share is determined by adjusting the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees and directors, warrants and convertible debentures. The calculation assumes the proceeds on exercise of options are used to repurchase shares at the current market price.

Shares held in escrow that are only released upon contingent events are not included in the calculation of the weighted average number of common shares.

s) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

t) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources, assessing the performance of the operating segments, and making strategic decisions, and has been identified as the Executive Committee. The Company's Executive Committee applies judgment in the aggregation of the Company's operating segments and has determined that the Company operates in one reportable segment: utilities construction. Products and services in the utilities segment include: Technical services and maintenance, directional drilling, underground and aerial civil construction and hydro-excavation. Services have been chosen in order to provide safe, responsive and turnkey solutions to our utility customers. The Company's utilities services across Canada share similar customer profiles, use interchangeable equipment fleets, use similar construction methods, share the same level of health and safety requirements and have similar long term economics.

u) Future accounting pronouncements

The Company is currently assessing the impact of the following accounting pronouncements:

(i) In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This Standard will replace IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted (subject to local endorsement requirements).

3. Summary of significant accounting policies *(continued from previous page)*

u) Future accounting pronouncements *(continued)*

(ii) In May 2014, the International Accounting Standard Board (IASB) issued a new International Financial Reporting Standard (IFRS) on the recognition of revenue from contracts with customers. IFRS 15 specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The five steps are:

a. Identify the contract(s) with the customer.
b. Identify the performance obligation(s) in the contract.
c. Determine the transaction price.
d. Allocate the transaction price to each performance obligation in the contract.
e. Recognize revenue when (or as) the entity satisfies a performance obligation.

The standard is effective for annual periods beginning on or after January 1, 2018.

(iii) IFRS 16 replaces IAS 17, Leases, and introduces new rules for accounting for leases which will result in substantially all lessee leases being recorded on the consolidated statement of financial position. The standard is effective for annual periods beginning on or after January 1, 2019 with retroactive application and with early adoption permitted.

v) Recently adopted pronouncements

The following accounting pronouncements were adopted during the year. The adoption of these pronouncements did not have a significant impact on the consolidated financial statements:

(i) IAS 1 Presentation of Financial Statements: The amendments to IAS 1 include amendments in the following areas: materiality, disaggregation and subtotals, note structures, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments.

(ii) Amendments to IAS 38 provide clarification of acceptable methods of depreciation and amortization.

4. Business combinations

(i) Reverse take-over

On August 13, 2015, pursuant to a definitive amalgamation agreement dated June 29, 2015, QE2 Acquisition Corp. ("QE2") issued one share of QE2 for each share held by shareholders of DistinctTech Inc. ("DistinctTech") to those shareholders. Total shares issued was 21,721,893, resulting in the DistinctTech shareholders controlling QE2 and therefore constituting a reverse takeover of QE2 (the "Transaction"). In addition, each DistinctTech warrant outstanding at the date of the closing of the Transaction was converted on a one for one basis into warrants of QE2. A total of 431,724 and 2,778,282 broker warrants and warrants issued on private placement, respectively, were converted. In connection with the Transaction, Company issued 1,065,328 shares valued at $0.85 per share to a third party as a finders' fee for the Transaction.

As the former shareholders of DistinctTech own approximately 85% of the voting shares of QE2 after the transaction, and has control of the combined entity, the acquisition of DistinctTech by QE2 has been accounted for using the reverse-takeover ("RTO") acquisition method of accounting in accordance with IFRS 3 with DistinctTech deemed to be the acquirer or the accounting parent. The accounting information and results of operations of the legal parent, QE2, are included in the consolidated financial statements from the date of the reverse takeover, August 13, 2015. For accounting purposes, the Company is considered to be a continuation of DistinctTech and the comparatives are those of DistinctTech.

The fair value of the consideration, calculated as $3,234,162, is determined based on the percentage of ownership of the merged entity that was transferred to shareholders of QE2 upon completion of the Transaction. This value represents the fair value of the number of shares that Distinct would have had to issue for the ratio of ownership interest in the combined entity to be the same as if the Transaction had taken the legal form of Distinct acquiring 100% of the shares of QE2. The percentage of ownership QE2 shareholders has in the combined entity is 15% after the consolidation of its existing 3,804,896 issued and outstanding common shares with the 21,721,893 newly issued shares of Distinct held by shareholders as of August 13, 2015. The fair value of the Transaction is based on the transaction price of the recent private placement sales occurring prior to the Transaction to arms-length parties of Distinct units. Distinct units were valued at $1.00 per unit. A value of $0.15 was allocated to the attached half warrant leaving a per share value of $0.85.

Fair value of net assets acquired	
Net working capital	134,527
Property and equipment	1,268,899
Goodwill	4,519,862
Debentures	(834,260)
Long term debt	(1,854,866)
Total net assets acquired	**3,234,162**
Consideration given:	
Shares issued	3,804,896
Value per share	$0.85
Total consideration	**3,234,162**

Goodwill arises from existing synergies and is not tax deductible. This acquisition was a critical step in the Company's strategy to become an integrated construction company throughout Canada.

Following the close of the Transaction, management entered into negotiations to dispose of the assets contained within Candesto Enterprises Ltd. ("Candesto") to the former shareholder of Candesto. The operations of Candesto were acquired by QE2 during its fiscal year ending January 31, 2015. The disposal was completed in November 2015 for total consideration of $2,548,432 comprised of cash of $725,000 and assumption of all debt of Candesto. Associated goodwill of Candesto was estimated by management to be $441,163 which was derecognized as part of the sale of the Candesto assets. No gain or loss was recorded on this disposal.

4. Business combinations *(continued from previous page)*

(ii) **Acquisition of Mega Diesel Excavating Ltd.**

On March 10, 2016, the Company acquired all of the issued and outstanding shares of Mega Diesel Excavating Ltd. (“Mega”) from two arm’s length parties for an aggregate purchase price of $2,637,766 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 35,000 options as part of the transaction (Note 16 (a)).

The Company has made a preliminary determination of the fair value of the tangible and intangible assets acquired and liabilities assumed in the acquisition. The fair value of the intangible assets has been measured provisionally and if new information obtained within one year of the date of acquisition about the facts and circumstances that existed at the date of the acquisition identifies adjustments to the amounts then the accounting for the acquisition will be revised. The final allocation of the fair value of the net assets acquired and aggregate consideration may be significantly different from the preliminary allocation as presented below:

The total purchase price has been allocated as follows:

Fair value of net assets acquired:	
Net working capital	687,279
Property and equipment	2,753,095
Obligation under finance lease	(1,808,955)
Long term debt	(24,168)
Total net assets acquired	**1,607,251**
Consideration given:	
Cash	2,121,840
Promissory note	501,467
Options	14,459
Total Consideration:	**2,637,766**
Goodwill	**1,030,515**

The Company acquired Mega in order to further its presence nationally with a business complementary to that of QE2.

The revenue and net loss of Mega for the 10 months since the acquisition transaction are $2,368,028 and $164,300, respectively. Had the transaction occurred on January 1, 2016 the revenue and net loss would have been $2,712,729 and $295,827, respectively.

5. Accounts receivable and work in progress

a) Accounts receivable

	December 31, 2016	December 31, 2015
Trade receivables	$18,112,063	$14,959,304
Other receivables	197,375	-
Unbilled revenue on completed projects (Note 26)	5,374,920	1,214,391
	$23,684,358	$16,173,695

The aging analysis of trade receivables is as follows:

	December 31, 2016	December 31, 2015
<31 days	$4,924,293	$12,754,042
31-60 days	10,316,245	1,008,384
61-90 days	1,160,062	408,675
> 90 days	1,711,463	788,203
	$18,112,063	$14,959,304

The Company has analyzed its historical collections history from its prior periods as well as customers' data and determined that due to historical trends, current market and economic conditions no provision is required at this time. The Company will continue to analyze collections monthly and will determine appropriate provisions for bad debts if necessary. As at December 31, 2016 the Company does not have any impaired accounts or bad debts (2015 - $nil).

b) Work in progress

	December 31, 2016	December 31 2015
Contract revenues in progress	$24,903,626	$19,969,640
Less: amounts invoiced	4,038,743	12,109,950
	$20,864,883	$7,859,690

6. Prepaid expenses and deposits

	December 31, 2016	December 31, 2015
Prepaid expenses	$201,418	$912,535
Deposits due within 12 months	359,012	30,970
	560,430	943,505
Deposits due greater than 12 months	105,000	105,000
	$ 665,430	$1,048,505

7. Property and equipment

	Office and Computer Equipment	Machinery, Vehicles and Equipment	Construction Equipment Under Finance Lease	Total
Cost				
Balance, November 30, 2014	281,436	885,867	6,491,721	7,659,024
Additions	380,713	849,936	4,724,432	5,955,081
Acquisition (note 4 (i))	49,363	1,098,040	121,496	1,268,899
Disposal (note 4 (i))	(30,361)	(547,604)	-	(577,965)
Balance, December 31, 2015	681,151	2,286,239	11,337,649	14,305,039
Additions	299,217	894,316	1,823,208	3,016,741
Acquisition (note 4 (ii))	74,737	63,472	2,614,887	2,753,096
Disposal	-	(121,586)	-	(121,586)
Balance, December 31, 2016	1,055,105	3,122,441	15,775,744	19,953,290
Accumulated depreciation				
Balance, November 30, 2014	126,690	348,616	1,962,480	2,437,786
Charge for the year	80,553	247,602	1,259,000	1,587,155
Disposal (note 4 (i))	(127)	(17,745)	-	(17,872)
Balance, December 31, 2015	207,116	578,473	3,221,480	4,007,069
Charge for the year	152,950	389,504	2,348,555	2,891,009
Disposal	-	(103,332)	-	(103,332)
Balance December 31, 2016	360,066	864,645	5,570,035	6,794,746
Net book value				
December 31, 2015	**474,035**	**1,707,766**	**8,116,169**	**10,297,970**
December 31, 2016	**695,039**	**2,257,796**	**10,205,709**	**13,158,544**

8. Goodwill

	December 31, 2016	December 31, 2015
Balance, beginning of the period	$4,078,699	$-
Acquisition (note 4 (i), (ii))	1,030,515	4,519,862
Disposal (note 4 (i))	-	(441,163)
Balance, end of period	$5,109,214	$4,078,699

The Company performed its annual impairment test at December 31, 2016. The Company has determined that it has two CGUs, consisting of the group of assets acquired via the QE2 and Mega transactions ("West CGU"), and those that existed prior to the QE2 and Mega transactions ("East CGU"). All of the goodwill was allocated to the West CGU. The recoverable amount of the West CGU was determined based on a value in use calculation using the following key assumptions:

- 5 year post-tax cash flow projections expected to be generated based on financial budgets with a terminal growth rate of 2%;
- Budgeted cash flows at a weighted average growth rate of 23% and were determined by management based on the CGU's past performance and future growth prospects; and,
- Cash flows were discounted at the CGU's weighted average cost of capital of 18% based on peer group averages and adjusted for the risk of the CGU.

8. Goodwill *(continued from previous page)*

The most sensitive inputs to the value in use model are the growth and discount rates. All else being equal:

- A 1% increase in the discount rate would have resulted in a reduction to the recoverable amount of $417,000
- A 5% decrease in growth rates would have resulted in a reduction to the recoverable amount of $1,200,000

Changing the above assumption did not indicate any impairment.

9. Credit facilities

The Company has credit facilities available from the following financial institutions as at December 31, 2016:

- *Royal Bank of Canada ("RBC")*
  Demand revolving operating loan with a maximum available credit of $10,000,000 (2015 - $8,500,000). The operating loan is due on demand, bears interest at Royal Bank's prime lending rate plus 2% per annum (2015 – 2% per annum) and is secured by a general security agreement, a guarantee signed by the Company, and the Crown Intercreditor Agreement. The facility also includes a corporate expense credit card facility to a maximum of $275,000 (2015 - $50,000). As of December 31, 2016, this operating loan had a balance of $9,999,975 (2015 - $nil).

- *Alberta Treasury Branch ("ATB")*
  Demand operating loan with a borrowing base equal to the lesser of 75% of earned accounts receivable less amounts over 90 days or $500,000. Interest is payable at prime plus 2% and is secured by $500,000 personal guarantees and postponement of claim by two shareholders, and a general security agreement providing first charge and security interest in all present and after-acquired property and equipment. The operating loan is not subject to financial covenants. As at December 31, 2016, this operating loan had been repaid and was closed. As at December 31, 2015, $337,461 was outstanding.

10. Accounts payable and accrued liabilities

	December 31, 2016	December 31, 2015
Accounts payable	$ 4,827,269	$ 3,271,243
Accrued liabilities	874,764	600,742
Payroll taxes payable	511,025	200,248
Due to government agencies	290,922	889,098
	$ 6,503,980	$ 4,961,331

11. Debentures and other debt

Debentures

	$
Balance as at November 30, 2014	**-**
Debentures assumed in the Transaction (note 4(i))	834,260
Accretion	33,151
Balance as at December 31, 2015	**867,411**
Accretion	27,998
Balance as at December 31, 2016	**895,409**

11. Debentures and other debt *(continued from previous page)*

The Company assumed unsecured convertible debentures (the "Debentures") with a principal balance of $979,000 as part of the Transaction (Note 4 (i)). Semi-annual interest payments on June 30 and December 31 are calculated at 8% per annum.

The Debentures mature on October 20, 2018. Debenture holders may exercise the right to convert at an exercise price of $2.50 per common share. The debentures are subject to forced conversion, at the option of the Company, if the common shares trade at or above $3.00 per share for a period of 20 non-consecutive trading days.

Other debt
As part of the Transaction, the Company assumed various loans with two Canadian financial institutions bearing fixed interest at rates ranging from 0% to 5.99% per annum, monthly payments ranging from $483 to $1,086, including interest and maturity dates ranging from November 2016 to February 2019. These loans are secured by automobiles having a carrying value of $61,668 (2015 - $76,672). The principal balance outstanding at December 31, 2016 is $75,608 (2015 - $117,758), of which $33,944 (2015 - $42,149) is due within the next year.

As part of the Mega acquisition (Note 4 (ii)), the Company provided a note of $501,467, bearing interest at 3% compounded monthly, unsecured and payable upon maturity, which is due on July 10, 2017.

12. Long-term debt

Balance as at November 30, 2014	**$**	**-**
Crown debt		20,000,000
Financing fee paid in cash		(400,000)
Financing fee paid in shares		(680,000)
Accretion		9,986
Balance as at December 31, 2015		**18,929,986**
Accretion		197,447
Financing fee paid in shares		(250,000)
Balance as at December 31, 2016	**$**	**18,877,433**

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 bears interest at a fixed interest rate of 10% per annum payable monthly in arrears, maturing on November 25, 2020.

The Company has the option to prepay all or any amount of the outstanding principal (subject to a minimum prepayment of $1,000,000) after 18 months have lapsed, subject to a prepayment fee calculated as a percentage (the "Prepayment Fee Percentage") of the principal amount being repaid. The Prepayment Fee Percentage starts at 3% and decreases to 2% after 36 months and to 1% after 48 months.

The Company, including all subsidiaries, and ABL Professional Management Services Inc. (the "Obligors") each provided an unlimited guarantee, guaranteeing the due payment and performance of all obligations under the Debt. ABL Professional Management Services Inc. ("ABL") is a separate legal entity that is controlled by the two majority shareholders and co-chief executive officers of the Company. The Debt is further secured by a general security agreement from each Obligor, constituting a second-ranking lien (subject only to permitted liens) on all of the present and after acquired property of such Obligor. Also, a securities pledge agreement from each Obligor, constituting a second–ranking lien (subjected only to permitted liens) on all of the equity interests such Obligor owns in another Obligor.

Under the terms of the Debt, the Company paid a share fee through the issuance of 800,000 common shares to Crown at a price of $0.85 per share and paid a cash fee of $400,000. These amounts are being accreted over the life of the Debt.

The Debt requires the Company to comply with certain financial covenants, including a debt service coverage ratio ("DSCR") of 1.25:1.00 and a net debt to earnings before interest, tax, depreciation and amortization ("EBITDA") of 3.00:1.00 (the "Financial Covenants"). EBITDA is calculated on a trailing twelve month basis. EBITDA is specifically defined in the credit agreement and excludes extraordinary, unusual and non-recurring items for such period.

12. Long-term debt *(continued from previous page)*

On June 30, 2016, the Company amended the Financial Covenants in connection with the Debt. The DSCR has been waived through December 31, 2017. In addition, the net debt to EBITDA ratio has been adjusted. Beginning September 30, 2016 through to March 30, 2018, the ratio applicable shall be 4.00:1.0; for the period April 1, 2018 to June 30, 2018, the ratio shall be 3.50:1.0; and July 1, 2018 and thereafter shall revert to 3.00:1.0. The rate of interest for the period of September 30, 2016 to July 1, 2018 was adjusted and will range between 10%-12%, based on a sliding scale. In compensation for the covenant amendment the Company issued 200,000 common shares at a price of $1.25 per share on July 6, 2016.

As at December 31, 2016, the Company is in compliance with its Financial Covenants. Subsequent to year end the Company announced it has agreed on terms to refinance its credit facilities and long-term debt with RBC, its existing senior lender (Note 25).

13. Finance lease obligations

The following is a schedule of the future minimum lease payments of the finance leases expiring at various dates, ranging from January 1, 2017 to December 31, 2020, together with the balance of the obligation:

Estimated lease payments are as follows:

	December 31, 2016	December 31, 2015
2016	$ -	$ 2,730,154
2017	3,506,079	2,169,897
2018	2,782,338	1,875,697
2019	2,283,813	1,344,958
2020	193,260	34,156
	8,765,490	8,154,862
Less amount representing interest	950,037	963,946
Present value of minimum lease payments	7,815,453	7,190,916
Less current portion	3,106,304	2,013,652
	$ 4,709,149	$ 5,177,264

During the year, interest charges on finance lease obligations totalled $586,278 (2015 - $275,430).

The finance leases have interest rates that range from 0-7% interest with an average interest rate of 4% (2015 – 5%). Interest and principal payments made on finance leases for the year ended was $2,944,767 (2015 - $1,832,100).

14. Income taxes

The net tax provision differs from that expected by applying the combined federal and provincial tax rates of 27% (2015 – 26.5%) to income before income taxes for the following reasons:

	December 31, 2016	December 31, 2015
Income before taxes	$ 1,323,389	$ 3,046,683
Combined federal and provincial income tax rate	27%	26.5%
Expected tax provision	357,315	807,370
Impact of tax rate differences	(16,612)	(94,144)
Change in tax estimate	(325,900)	(242,665)
Non-deductible expenses	70,405	51,111
Deferred tax benefits not recognized	427,592	254,610
Income tax provision	$ 512,800	$ 776,282

Deferred tax assets (liabilities) are attributable to the following:

	December 31, 2016	December 31, 2015
Property and equipment	$ (946,786)	$ (388,814)
Non-capital losses	1,108,619	680,284
Finance lease obligations	358,830	31,153
Debentures	(22,570)	(29,013)
Net deferred tax assets	498,093	293,610
Deferred tax benefits not recognized	(498,093)	(293,610)
	$ -	$ -

The Company has non-capital losses of approximately $4,123,000 (2015 - $2,500,000) which are available for deduction against future taxable income and commence to expire in 2034 until years 2034 to 2037.

15. Share capital

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 15 common shares of DistinctTech along with all the shares of the numbered companies were returned to treasury for cancellation and 15,100,000 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 5,556,565 units (the "Units") at $1.00 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 $2.00 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 $3.00 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.

15. Share capital *(continued from previous page)*

In connection with the brokered private placement, the Company incurred share issuance cost of $535,132 and issued 431,725 broker warrants ("Broker Warrants"). Each Broker Warrant gives the holder the right to acquire one Unit anytime up to 36 months from closing at an exercise price of $1.00 per Unit. Each Unit consists of one common share and one half common share per purchase warrant. On July 6, 2016, 250,000 broker warrants were exercised at a price of $1.00 for total proceeds of $250,000. Each whole common share purchase warrant has an exercise price of $2.00 per share and expires within 36 months of issuance.

On December 9, 2016 the Company closed a brokered prospectus offering of 8,518,516 common shares at a price of $1.35 per common share for gross proceeds of $11,500,000.

16. Share-based compensation and common share purchase warrants

a) Share options

The Company has adopted a stock option plan in accordance with the policies of the Exchange for the benefit of its directors, officers, employees and other key personnel. A maximum of 10% of the issued and outstanding common shares of the Company are reserved for issuance pursuant to the stock option plan. The stock option plan provides that the terms of the options and the option price shall be fixed by the directors subject to the price restrictions and other requirements imposed by the Exchange.

(i) On March 4, 2016, the Company granted 200,000 stock options to an arms-length consultant. 100,000 options are exercisable at $1.35, 50,000 options exercisable at $1.50 and the remaining 50,000 options are exercisable at $1.70. Each option is exercisable at any time until March 3, 2018.

(ii) On March 10, 2016, the Company issued 35,000 stock options as partial consideration in its acquisition of Mega (Note 4(ii)). The options are exercisable at $2.00 at any time until March 10, 2018.

(iii) On October 1, 2016, the Company granted 200,000 stock options to an arms-length consultant. 100,000 options are exercisable at $1.40 and 100,000 options are exercisable at $1.60. Each option is exercisable at any time until August 30, 2018.

The following tables provide a summary of the Company's stock option plan as at December 31, 2016:

	Number of share options	Weighted average exercise price $
Balance November 30, 2014	-	-
QE2 options on the Transaction date	110,000	1.50
Granted under stock option plan	765,000	2.00
Options forfeited	(33,333)	2.00
Options cancelled	(16,667)	2.00
Balance, December 31, 2015	**825,000**	**1.93**
Options granted on acquisition (Note 4 (ii))	35,000	2.00
Options granted as compensation	200,000	1.48
Options granted as compensation	200,000	1.50
Options forfeited	(125,000)	2.00
Balance, December 31, 2016	**1,135,000**	**1.77**

16. Share-based compensation and common share purchase warrants *(continued from previous page)*

a) Share options *(continued)*

	Options outstanding as at December 31, 2015			Options exercisable as at December 31, 2015		
Exercise price	**Number of options outstanding**	**Weighted average remaining contractual life**	**Weighted average exercise price $**	**Number of options**	**Weighted average remaining contractual life**	**Weighted average exercise price $**
1.50	110,000	1.01 years	1.50	110,000	1.01 years	1.50
2.00	715,000	4.76 years	2.00	338,333	4.76 years	2.00
Total	**825,000**	**4.26 years**	**1.93**	**448,333**	**3.84 years**	**1.88**

	Options outstanding as at December 31, 2016			Options exercisable as at December 31, 2016		
Exercise price	**Number of options outstanding**	**Weighted average remaining contractual life**	**Weighted average exercise price $**	**Number of options**	**Weighted average remaining contractual life**	**Weighted average exercise price $**
2.00	625,000	3.61 years	2.00	478,333	3.57 years	2.00
1.50	310,000	1.07 years	1.50	310,000	1.07 years	1.50
1.48	200,000	1.17 years	1.48	200,000	1.17 years	1.48
Total	**1,135,000**	**2.49 years**	**1.77**	**988,333**	**2.30 years**	**1.74**

The Black-Scholes option-pricing model, with the following assumptions, was used to estimate the fair value of share options on the grant date as follows:

	September 24, 2015	**March 4, 2016**	**March 10, 2016**	**October 1, 2016**
Risk-free interest rate	0.82%	0.82%	0.82%	0.82%
Expected life	5 years	2 years	2 years	2 years
Expected volatility	68.42%	68.42%	85.01%	68.42%
Dividend per share	$nil	$nil	$nil	$nil
Share price	$0.80	$1.30	$1.30	$1.16

b) Common share purchase warrants

The following tables provide a summary of the Company's common share purchase warrants outstanding as at December 31, 2016:

	Number of warrants	**Weighted average exercise price $**
Balance, November 30, 2014	-	-
Warrants issued as part of private placement (note 15)	2,778,282	2.00
Broker Warrants issued as part of private placement (note 15)	431,725	1.00
QE2 warrants on the Transaction date (note 4 (i))	612,779	3.50
Balance, December 31, 2015	**3,822,786**	**2.13**
Exercised broker warrants	(250,000)	1.00
Warrants issued on broker warrant exercise	125,000	2.00
Expired warrants	(315,079)	5.00
Balance, December 31, 2016	**3,382,707**	**1.94**

16. Share-based compensation and common share purchase warrants *(continued from previous page)*

b) Common share purchase warrants *(continued)*

	Warrants outstanding and exercisable as at December 31, 2015		
Exercise price	**Number of warrants**	**Weighted average remaining contractual life**	**Weighted average exercise price $**
1.00	456,025	2.42 years	1.00
2.00	3,051,682	2.42 years	2.00
5.00	315,079	0.69 years	5.00
Total	**3,822,786**	**2.27 years**	**2.13**

	Warrants outstanding and exercisable as at December 31, 2016		
Exercise price	**Number of warrants**	**Weighted average remaining contractual life**	**Weighted average exercise price $**
1.00	206,025	1.41 years	1.00
2.00	3,176,682	1.41 years	2.00
Total	**3,382,707**	**1.41 years**	**1.94**

The Black-Scholes option-pricing model, with the following assumptions, was used to estimate the fair value of Broker Warrants on the grant dates as follows:

	April 27, 2015 to June 1, 2015
Risk-free interest rate	0.70%
Expected lives (years)	3
Expected volatility	85%
Dividend per share	$nil
Share price fair value	$0.85

17. Basic and diluted earnings per share

Details of the calculation of earnings per share are set out below:

	For the year ended	
	December 31, 2016	**December 31, 2015**
Net income	810,589	2,270,401
Average number of common shares outstanding	27,059,686	20,237,095
Effect of dilutive securities: [1]		
Options	35,611	-
Weighted average number of diluted common shares outstanding	27,095,297	20,237,095
Basic earnings per share	0.03	0.11
Diluted earnings per share [1]	0.03	0.11

[1] When the impact of dilutive securities increases the earnings per share or decreases the loss per share, they are excluded for purposes of the calculation of diluted earnings (loss) per share.

17. Basic and diluted earnings per share *(continued from previous page)*

In 2015, the Company's outstanding options, warrants and the conversion feature of the Debentures did not have an effect on the weighted average number of common shares used to calculate diluted earnings per share as the exercise price of these potentially dilutive instrument were higher than the Company's average market price during fiscal 2015 (i.e. "out of the money").

18. Related party transactions

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 net transactions of $355,819 (2015 - $214,151). As at December 31, 2016, $1,465,970 (2015 - $1,821,789) remains receivable and is due on demand. 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.

Due from shareholders

Receivables outstanding from two majority shareholders and co-chief executive officers of the Company amounts to $149,631 (2015 - $225,631) and are due on demand. The outstanding amounts will be repaid over the next twenty four months, is personally guaranteed by the shareholders and bears interest at a rate of 1% per annum compounded monthly.

Compensation of key management personnel

Key management consists of the Co-Chief Executive Officers, Vice President of Finance, Vice President of Operations, Vice President of Corporate and Legal Affairs, Chief Financial Officer and Chief Operating Officer.

The Company pays its Co-Chief Executive Officers by way of a management services agreement(s) with companies controlled by these individuals. Payments totalling $741,850 was paid for the period ending December 31, 2016 (2015 - $679,193). The Company pays its other key management personnel by way of management services agreement(s) with companies controlled by these individuals. Payments totalling $946,316 was paid for the period ending December 31, 2016 (2015 - $782,107).

19. Other commitments

The Company leases its premises, vehicles and other related equipment under operating lease(s) that expire on various dates. The Company's total commitments of these leases, inclusive of occupancy cost, are as follows:

Year	
2017	$4,718,884
2018	4,769,923
2019	4,080,667
2020	2,588,862
2021	1,260,715
Thereafter	3,900,112
	$21,319,163

The Company signed an offer to lease on a new property effective June 1, 2015. The existing lease on the Company's former office and warehouse facilities were subleased to a third party. That tenant gave up the sub-lease in June 2016 and DIG now house part of their operations at this location. The effect of this transaction means that DIG will assume additional basic rent of $21,054 per month.

20. Capital management

The Company's primary objectives when managing capital are to (a) safeguard the Company's ability to develop and market services, and (b) provide a sound capital structure for raising capital at a reasonable cost for the funding of ongoing development of its services and new growth initiatives. The Board of Directors does not establish quantitative capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company includes equity, comprised of issued share capital and retained earnings, in the definition of capital. The Company is dependent on cash flow from services and external financing to fund its continued growth. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There has been no change to the Company's capital management in 2016 or 2015.

The Company’s capital structure is as follows:

	December 31, 2016	December 31, 2015
Current assets	$55,204,500	$33,981,935
Non-current assets	19,588,728	16,303,458
Current liabilities	(21,414,718)	(8,719,675)
Non-current liabilities	(24,523,655)	(25,050,270)
Shareholders' equity	$28,854,855	$16,515,448

The Company is exposed to externally imposed capital requirements as detailed in Note 12. As at December 31, 2016 the Company was in compliance with these requirements.

21. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term debt and debentures approximates its carrying value as the interest rate attached to those instrument approximates a market rate of interest and interest rates have not changed materially during the year. The fair value of other debt approximates its carrying value due to the low principal balance and rates approximating market rates of interest for similar instruments.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

- Interest rate risk
  The Company is exposed to interest rate risk due to the variable rate interest on its credit facilities. Changes in the lending rates may cause fluctuations in cash flows and interest expense. A 1% change in interest rates would impact earnings by approximately $300,000 (2015 – $50,000).

21. Financial instruments *(continued from previous page)*

(b) Market risk *(continued)*

- Currency risk

  Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions to sell good to customers for which the related revenues, expense, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. As at December 31, 2016 the following balances are the Canadian equivalent of items denominated in US currency:

	December 31, 2016	December 31, 2015
Accounts receivable	$313,067	-
Due to related party	(420,397)	-
	$(107,330)	-

- Price risk
  Price risk is the risk that the commodity prices that the Company charges are significantly influenced by its competitors and the commodity prices that the Company must charge to meet its competitors may not be sufficient to meet its expenses. The Company reduces its exposure to price risk by ensuring that it obtains information regarding the commodity prices that are set by the competitors in the region to ensure that its prices are appropriate. In addition, management closely monitors expenses and matches capital outlays to its revenue stream. In the opinion of management the price risk exposure to the Company is low and is not material.

(c) Credit risk

Credit risk is the risk of financial loss if a client fails to meet its contractual obligations, and arises primarily from the Company's trade accounts receivable and work in progress. The carrying amount of accounts receivables and work in progress totaling $44,549,241 (2015 - $24,033,385) represents the maximum credit exposure. A significant portion of the trade accounts receivable are from the tele-communications industry and as such, the Company is exposed to all the risks associated with that industry. However, the majority of these receivables are from well-established, Canadian companies, whose creditworthiness is of the highest level, thereby reducing the risk of material payment default.

The Company has an established credit policy under which each new client is analyzed individually for creditworthiness. The review includes external ratings where available, credit reference checks and, in some cases, bank references. Creditworthiness of existing clients is monitored on an ongoing basis, along with monitoring the amount and age of balances outstanding.

The Company does have concentration risk. Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable and work in progress balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At December 31, 2016, receivables from 2 customers (2015 – 3 customers) comprised approximately 83% (2015 – 95%) of the total outstanding receivables. One particular customer's account represents 61% (2015 – 47%) of the total outstanding receivables and work in progress at December 31, 2016. The Company reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances.

During the year ended December 31, 2016, 85% of revenues were generated from 2 customers (3 customers in 2015 – 85%), each with greater than 10% of total revenues. During the year ended December 31, 2016 customers 1 and 2 represented 61% and 24% respectively. During the year ended December 31, 2015 customers 1, 2 and 3 represented 49%, 22% and 14% respectively.

21. Financial instruments *(continued from previous page)*

(d) Liquidity risk

The Company does have a liquidity risk with credit facilities of $9,999,975, (2015 -$337,461), accounts payable and accrued liabilities of $6,503,980 (2015 - $4,961,331) and current portion of obligations under finance leases of $3,106,304 (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; maintains an adequate line of credit to repay trade creditors and repays long-term debt interest and principal as they become due. Undiscounted cash outflow of financial liabilities based on maturity date are as follows:

December 31, 2016	**1 year**	**2 to 5 years**	**>5 years**	**Total**
Accounts payable and accrued liabilities	$6,503,980	$-	$-	$6,503,980
Debentures and other debt	534,411	937,073	-	1,471,484
Long-term debt	-	20,000,000	-	20,000,000
Finance lease obligations	3,106,304	4,709,149	-	7,815,453
	$10,144,695	$25,646,222	$-	$35,790,917

December 31, 2015	**1 year**	**2 to 5 years**	**>5 years**	**Total**
Accounts payable and accrued liabilities	$4,961,331	$-	$-	$4,961,331
Debentures and other debt	42,149	943,020	-	985,169
Long-term debt	-	20,000,000	-	20,000,000
Finance lease obligations	2,013,652	5,177,264	-	7,190,916
	$7,017,132	$26,120,284	$-	$33,137,416

22. Contingent liabilities

There are two legal proceedings against the Company for breach of contract and obligations and wrongful dismissal. For these claims, the plaintiffs are seeking payment from the Company for damages of approximately $500,000 and $418,000, respectively. The legal claims are ongoing and management believes that there is a low likelihood that there will be an economic outflow as a result of the claim. There were no accruals made for these amounts in the financial statements.

23. Finance expense

	December 31, 2016	**December 31, 2015**
Accretion (note 11, 12)	$ 225,445	$ 43,137
Interest on finance lease obligations (note 13)	586,278	275,430
Interest on credit facilities	287,463	346,918
Interest on debentures and other debt	42,200	24,554
Interest on long-term debt	2,200,553	203,019
Other	322,992	83,402
	$ 3,664,931	$ 976,460

24. Transaction cost on business combinations

	December 31, 2016	December 31, 2015
Finders' fee	$-	$905,529
Professional fees	74,270	155,560
	$74,270	$1,061,089

25. Subsequent events

a) On January 2, 2017 iVac Services West Inc. was created as result of the amalgamation between iVac Services Inc. (Alberta) and Mega Diesel Excavating Ltd. As well, on the same date Distinct Infrastructure Group West Inc. was created as a result of the amalgamation between Pillar Contracting Ltd. and Distinct Infrastructure Group (Alberta) Inc. (Formerly DistinctTech Inc. (Alberta)).

b) On February 9, 2017, 115,297 broker warrants were exercised at a price of $1.00 for total proceeds to the Company of $115,297. These warrants were issued as part of the Company's private placement conducted in 2015. Each warrant consists of one common share and one-half common share purchase warrant. Each whole common share purchase warrant has an exercise price of $2.00 per share and expires within 36 months of issuance.

c) On March 28, 2017 the Company announced it has agreed on terms to refinance its credit facilities and long-term debt with "RBC", its existing senior lender. DIG will consolidate all of its debt under one facility with RBC and will be exercising its option under the Crown Capital debt facility to repay the Crown debt early. By refinancing its senior long-term debt, the Company anticipates reducing its interest rate from approximately 11% to approximately 4%. The Company will complete the refinancing effective May 26, 2017.

26. Comparative figures

Certain amounts in the prior year comparatives have been re-classified to conform with current year presentation.