DISTINCT INFRASTRUCTURE GROUP INC.

MANAGEMENT

DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2016

Dated APRIL 27, 2017

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 YEAR ENDED DECEMBER 31, 2016

Notice to Reader

Management has compiled the consolidated audited financial statements of Distinct Infrastructure Group Inc., ("DIG" or the "Company") consisting of the Consolidated Statements of Financial Position, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows for the year ended December 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.'s financial condition and results of operations, prepared as of December 31, 2016, should be read in conjunction with the consolidated audited financial statements of the Company for the year ended December 31, 2016, 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. The Company 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

- DIG is a Canadian company founded in April 2007 and is a design, engineering, construction and maintenance Company. The Company is publicly traded on the Toronto Stock 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, Ontario and Edmonton, Alberta.
- The Company’s primary focus is the Ontario and Alberta economic landscape of opportunity in utilities, including infrastructure and telecommunications. 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 organically grown revenue and EBITDA from $8.7 million and $900 thousand in 2010, respectively, to $59.7 million and $7.9 million in fiscal year 2016 ($8.2 million adjusted EBITDA)
- DIG successfully listed on the TSX Venture Exchange on August 24, 2015

Capitalization

- Market Capitalization of approximately $51 million as at December 31, 2016

- Basic Shares Outstanding as at December 31, 2016 of 35.3 million (December 31, 2015 - 26.3 million)
- Fully Diluted Shares Outstanding as at December 31, 2016 of 40.2 million (December 31, 2015 – 31.6 million)

Mission Statement

To be responsive to the current and future needs of our clients to deliver safe, turnkey utility, telecom and infrastructure solutions that positively impact the communities in which we live and work.

Vision

We are passionate about connecting the world to our clients.

Values

- A Safety Culture
- Client Centered
- Integrity
- Excellence
- Entrepreneurial Spirit
- Passion and Excitement
- Forward Focused

Non-GAAP Financial Measures

The MD&A presents certain non-GAAP/IFRS financial measures to assist readers in understanding the Company's performance. The Company has used the following terms that are not defined by GAAP, but are used by management to evaluate the performance of Distinct and its business: EBITDA, Adjusted EBITDA and Adjusted Cash from Operations.

Non-GAAP financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Securities regulations require that Non-GAAP financial measures are clearly defined, qualified and reconciled to their most comparable GAAP financial measures. Specific items may only be relevant in certain periods.

The intent of non-GAAP financial measures is to provide additional useful information to investors and analysts; the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate non-GAAP financial measures differently.

"EBITDA" represents Net Income plus Income tax provision, Finance expense and Depreciation

"Adjusted EBITDA" represents EBITDA plus Share-Based Compensation and One-Time Costs (Transaction costs on business combinations and One-time transaction costs)

"Adjusted Cash from Operations" represents cash flow from operations prior to changes in non-cash working capital items, less cash paid for business acquisitions. Management believes that, in addition to cash from operations, adjusted cash from operations is a useful measure as it provides an indication of the results generated by the company in a low-growth environment.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA:

Period ended	**Twelve months December 31, 2016**	**Thirteen months December 31, 2015**
Net and comprehensive income	**810,589**	**2,270,401**
Add:		
Income tax provision	512,800	776,282
Finance expense	3,664,931	976,460
Depreciation	2,891,009	1,587,155
EBITDA	**7,879,329**	**5,610,298**
Add:		
Transaction costs on business combinations	74,270	1,061,089
One-time transaction costs	-	122,033
Share-based compensation	229,010	21,412
Adjusted EBITDA	**8,182,609**	**6,814,832**

For the year ended December 31, 2016, the Company now includes share-based compensation as an expense item included in the adjustment of EBITDA to Adjusted EBITDA. Adjusted EBITDA for the thirteen months ended December 31, 2015 as disclosed above now follows the same definition.

Reconciliation of cash flow from operations to Adjusted Cash from Operations:

Period ended	**Twelve months December 31, 2016**	**Thirteen months December 31, 2015**
Cash flows used in operating activities	(14,026,641)	**(6,093,763)**
Deduct: 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 Flow from Operations prior to Changes in Non-Cash Working Capital Items	4,174,306	**4,827,634**
Deduct:		
Cash paid for business acquisitions, net of cash acquired	(1,920,124)	-
Adjusted Cash from Operations	**6,094,430**	**4,827,634**

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 utilities 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 and 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 are 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 (21,721,893 post-consolidation) 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 shares of Mega Diesel Excavating Ltd. an Alberta based company, 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 350,000 options (35,000 post-consolidation) as part of the transaction.

4. On September 2, 2016 the Company consolidated its common shares on a 10 for 1 basis. The common shares commenced trading on a consolidated basis on September 6, 2016. All common share, option and warrant figures above are presented pre-consolidation unless otherwise indicated.

HIGHLIGHTS FOR THE YEAR ENDING DECEMBER 31, 2016

Selected Financial Information

Period ended	Twelve months December 31, 2016	Thirteen months December 31, 2015
Comprehensive Income	$	$
Revenues	59,651,096	37,104,288
Net and comprehensive Income	810,589	2,270,401
Earnings per share – basic	$0.03	$0.11
Earnings per share – diluted	$0.03	$0.11
EBITDA(1)	7,879,329	5,610,298
Adjusted EBITDA(2)	8,182,609	6,814,832
Financial Position	$	$
Total assets	74,793,228	50,285,393
Working capital	33,789,782	25,618,079
Cash Flows	$	$
Cash from operations	(14,026,641)	(6,093,763)
Adjusted Cash From Operations(3)	6,094,430	4,827,634
Net cash inflow	914,160	8,520,730

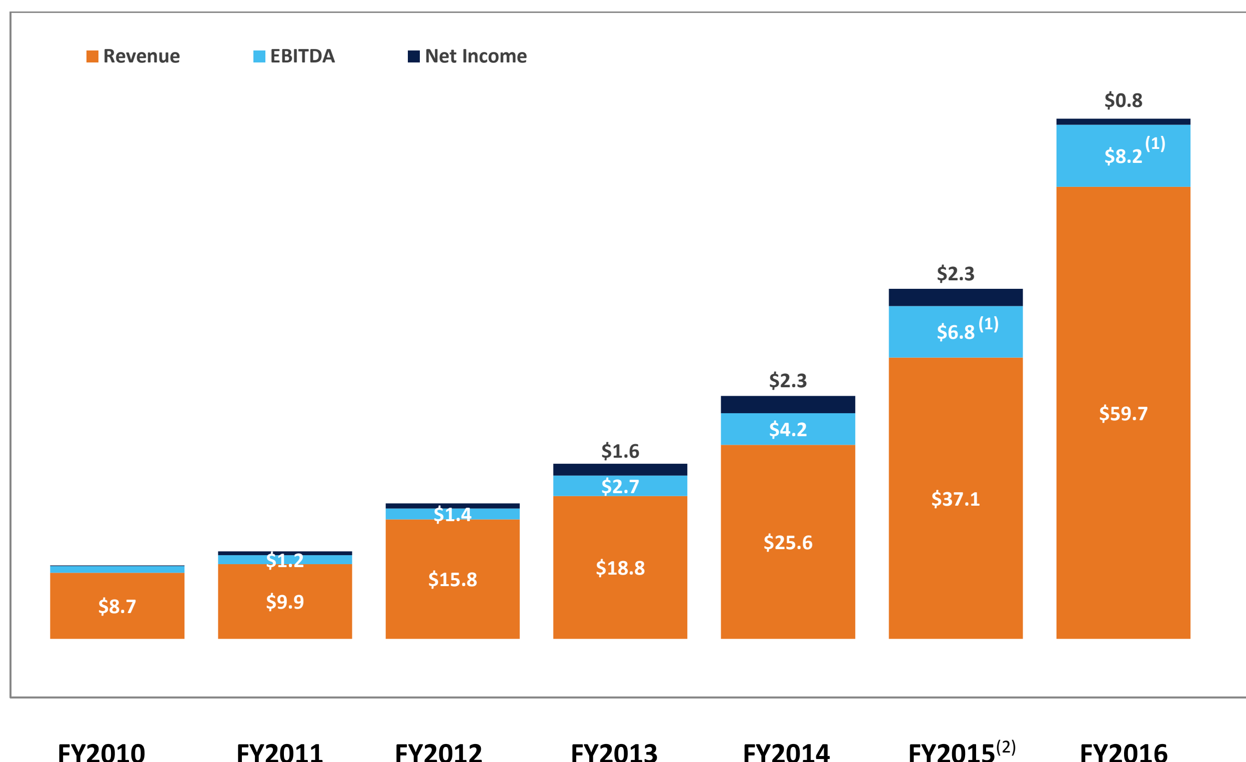
(1) EBITDA is calculated as net income plus income tax provision, finance expense and depreciation and is a non-GAAP/IFRS figure.

(2) Adjusted EBITDA is calculated as EBITDA plus share-based compensation and one-time costs and is a non-GAAP/IFRS figure.

(3) Adjusted Cash From Operations is a non-GAAP/IFRS figure. Adjusted Cash From Operations is calculated as the Cash Flow From Operations prior to Changes in Non-Cash Working Capital Items, Less Cash Paid For Business Acquisitions. Management believes that, in addition to Cash From Operations, Adjusted Cash From Operations is a useful measure as it provides an indication of the results generated by the Company in a low-growth environment.

Revenue and Direct Cost Analysis

Particulars	Quarter ended December 31, 2016	Quarter ended December 31, 2015	Twelve Months ended December 31, 2016	Thirteen Months ended December 31, 2015
Revenue	17,255,060	13,704,896	59,651,096	37,104,288
Direct Costs	13,234,240	8,978,089	42,034,570	24,882,388
Gross Margin	4,020,820	4,726,807	17,616,526	12,221,900
Gross Margin %	23%	34%	30%	33%



(1) Adjusted EBITDA
(2) For the thirteen-month period ending December 31, 2015

Revenue

Revenue for the year ended December 31, 2016 increased to $59,651,096 from $37,104,288 for the thirteen months ended December 31, 2015, an increase of 61% or $22,546,808. The Company continues to see increasing demand from customers for its services, as well as an increase in demand for projects of larger scope and size. Factors that contributed to increased revenues include:

(a) Strong demand for telecommunication infrastructure services driving top line revenue figures. One of the Company's largest customers continues to increased demand for projects & services.

(b) The iVAC business segment performance continues with a mix of strong internal and external growth. This business was started in the fourth quarter of 2014. In western Canada the Company has amalgamated iVac Services Inc. (Alberta) and Mega Diesel Excavating Ltd. to form the creation of iVac Services West Inc. Management continues to see demand for Hydrovac services in both eastern and western Canada. The business continues to provide the majority of these services for internal consumption.

(c) The results for this period include revenues for Pillar Contracting Ltd. acquired August 2015 as part of the QE2 acquisition. On January 2, 2017, Pillar was amalgamated with Distinct Infrastructure Group (Alberta) Inc. to create Distinct Infrastructure Group West Inc.

(d) The Company acquired Mega Diesel Excavating Ltd. ("Mega Diesel") in March 2016, adding ten months of revenue to the period to date. On January 2, 2017 Mega Diesel was amalgamated with iVac Services Inc. (Alberta) to form iVac Services West Inc.

(e) Western business results exceeded management's expectations, despite below-average economic conditions and a competitive western Canadian business environment. The Company expects a modest improvement in the broader economic landscape into mid-2017 and continues to see significant demand for DIG's utilities services specifically in western Canada.

Direct Costs

Direct Costs for the year ending December 31, 2016 increased by $17,152,182 or 69% over the thirteen months ended December 31, 2015. The increase correlates to the increased revenues of 61% or $22,546,808 in the same period under review. Direct costs are made up of materials, labour, and overheads. Direct costs were 70% of revenues for the year ended as compared to 67% for the previous fiscal year. Direct costs for the fourth quarter increased due to a slowdown in December over the Holiday period which saw reduced productivity and increased vacation time. The unionization of the company's eastern Canadian field staff also resulted in increased costs. Due to strong demand for its services in 2016, the Company added over 100 employees during the first half of 2016. In the second half of 2016 DIG has reduced several of the costs associated with this hiring process including recruitment and field training cost. The inefficiencies in the field associated with this hiring process resulted in higher direct costs as a percentage of overall revenue during the period under review.

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	Twelve Months ending December 31, 2016	Thirteen Months ending December 31, 2015
Salaries and wages	5,946,238	2,862,837
Communication expense	132,256	98,533
Bank charges and other related costs	94,316	269,121
Advertising and promotion	776,514	773,818
Professional fees	177,282	194,712
Occupancy costs	553,849	184,589
Insurance expense	189,575	107,228
Office expense	387,399	254,939
Information technology costs	389,479	272,687
Travel expense	642,909	126,095
Legal costs	108,745	162,981
Other expenses	264,365	256,292

Depreciation	2,891,009	1,587,155
Interest on capital leases	586,278	275,429
Loan interest and other finance costs	3,078,653	701,030
One-time costs	74,270	1,183,122

Salaries and Wages

Salaries and wages are comprised of staffing costs associated with our operations center, control center, finance, human resources (“HR”), information technology (“IT”), customer service, corporate and administrative personnel. Salaries for the year ended December 31, 2016 were $5,946,238, an increase of 108% compared to $2,862,837 for the thirteen months ended December 31, 2015. This is mainly due to the Company’s organic growth and to the inclusion of acquisitions in the period under review. The Company continues to build out a robust management team across all areas of the business to service our clients and manage growth in the field. The year ended December 31, 2016 included the operations of two new subsidiaries that were acquired by the Company in the second half of 2015 and one in early 2016. Investment in the training of staff continues with a focus on implementation of systems and processes across all the new business units.

Communication Expense

Communication expense includes cellular and telephony expenses. This category of expense increased to $132,256 compared to $98,533 in the prior thirteen month period. The Company’s acquisitions and the organic growth of its core business segments account for this increase.

Bank Charges and Other Related Costs

Bank charges and other related costs decreased to $94,316 from $269,121 which is due mainly to a streamlining of banking activities following several changes in 2015. In fiscal year 2016 the company incurred expenses in this category such as electronic funds transfer (EFT), set up costs for new bank accounts and online banking in addition to the banking costs associated with the acquisitions.

Advertising and Promotion

Advertising and promotion for the year ended December 31, 2016 was $776,514, a $2,696 increase over the thirteen months ending December 31, 2015. The Company continues to promote its offerings and support investor relations (“IR”). As well, the Company continues to make contributions to the community in the form of various sponsorships and charitable contributions.

Professional Fees

Professional fees decreased by $17,430 or 9%. This change is mainly attributed to a decrease in consulting and business advisory fees incurred during the period under review. Professional fees include: accounting, outsourced HR recruiting, and other specialized professional services that have been outsourced. Some of these services have been brought in-house to reduce long term costs.

Occupancy Costs

Occupancy costs increased to $553,849 for the year ended December 31, 2016 as compared to $184,589 for the thirteen months ended December 31, 2015. In June 2015, the Company moved into a new location in Etobicoke, Ontario with a larger office and warehouse space to accommodate the Company's growth. Additionally, the Company leased office and warehouse space in Sherwood Park, Alberta for the acquisitions that have taken place in Western Canada. The Company was given several months of rent free on the new Etobicoke facility during the prior-year period. As the Company continues to grow there will be additional demand on space, the Company will make the necessary investments in this area. The Company also maintained a facility from March 2016 to November 2016 in Regina, Saskatchewan to support its work in that province. In 2016 the Company switched facilities in Ontario to accommodate its increased volume of directional drills and hydrovac excavators.

Insurance Expense

Insurance expense increased to $189,575 from $107,228 when compared to the thirteen months ending December 31, 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 and will increase as the Company grows.

Office Expense

Office expenses increased to $387,399 from $254,939. This increase was mainly a result of increased staffing and growth of the Company's operations in Ontario and Western Canada when compared to the thirteen months ending December 31, 2015.

Information Technology Costs

The Company continues to invest in its information technology platforms, which we believe creates both value and efficiencies in the organization. IT costs increased by $116,792 during the year ending December 31, 2016 over the thirteen months ending December 31, 2015. The Company made significant investments in this area to automate processes in the Company's various departments. The Company has yielded benefits of these efficiencies. During the fourth quarter of 2015, the Company implemented a new ERP system in its main business unit and has implemented this system in all of its businesses at the end 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. In addition, costs associated with the one-time setup of the Sherwood Park facility contributed to this increase. The Company continues to invest in its systems and sees these as strategic business differentiators.

Travel Expenses

Travelling expenditure increased by $516,814 to $642,909 for the twelve months ending December 31, 2016 as compared to the thirteen months ending December 31, 2015. This increase was due to travelling costs associated with the new operations in Western Canada, the acquisition of QE2 and Mega Diesel, business development initiatives in the west, and the company's new IR program across North America.

Legal costs

The Company's legal costs decreased by $54,236 to $108,745 for the year ending December 31, 2016 as compared to the thirteen period ending December 31, 2015.

Other Expenses

Other expenses increased by $8,073 over the prior period to $264,365 for the year ended December 31, 2016. This cost consists mainly of all other unallocated expenses.

Depreciation

Depreciation of property and equipment for the year ended December 31, 2016 increased by $1,303,854 as compared to the thirteen months ending December 31, 2015. This was due to additional leased capital assets, in particular, the increased number of hydrovac units and directional drills. As well, the acquisitions of QE2 and Mega Diesel assets contributed to this increase. The Company plans on adding to its fleet of equipment and vehicles in 2017 as the Company continues to grow to meet incremental customer demand.

Interest on Capital Leases

These expenses increased by $310,849 for the year ended December 31, 2016 to $586,278. This increase was for interest paid on capital leases. This expense item will continue to grow as the company continues to add new equipment to meet growth targets.

Loan Interest and Other Finance Costs

Loan interest increased by $2,377,623 or 339%, from $701,030 to $3,078,653 for the year ended December 31, 2016. This increase was due to the interest costs associated with Crown Capital debt as well as a minor increase in interest costs associated with the Company's line of credit. Subsequent to the year ended December 31, 2016 the company announced that it had agreed on terms to refinance its current and long-term debt with Royal Bank of Canada ("RBC"), its existing senior lender. Refer to the Company's press release dated March 28, 2017 for further information. The Company expects a significant reduction in this expense category in 2017.

One-Time Costs

The Company had one time costs of $74,270 during the year ended December 31, 2016 in connection with the acquisition of Mega Diesel. One-time costs for the thirteen months ended December 31, 2015 include one-time finders' fees relating to the QE2 Acquisition Corp. reverse takeover and legal costs associated with the acquisition line.

Quarterly Results

	Three Months ended December 31, 2016	Three Months ended September 30, 2016	Three Months ended June 30, 2016	Three Months ended March 31, 2016
INCOME STATEMENT				
Revenues	17,255,060	16,122,306	15,514,275	10,759,455
Expenses(1)	15,811,601	13,877,115	14,637,517	10,262,273
Net and comprehensive income (loss)	(48,276)	1,118,846	10,744	(270,725)
Earnings per share – basic	(0.00)	0.04	0.00	(0.01)

	Four Months ended December 31, 2015	Three Months ended August 31, 2015	Three Months ended May 31, 2015	Three Months ended February 28, 2015
INCOME STATEMENT				
Revenues	13,704,896	8,727,311	8,507,528	6,164,553
Expenses(1)	11,235,368	7,565,160	7,523,048	5,574,447
Net and comprehensive income (loss)	933,009	527,587	603,887	205,918
Earnings per share – basic	0.04	0.02	0.04	0.01

(1) Excludes finance expense, one-time costs and income tax provision

RESULTS OF OPERATIONS

The Company reported a net loss for the quarter ending December 31, 2016 of ($48,276) as compared to net income $933,009 for the quarter ending December 31, 2015. The decrease in net income was as a result of increased interest expenses and increased direct costs due to a slowdown in December over the holiday period which saw reduced productivity and increased vacation time. Additionally, the last quarter of 2015 consisted of four months as compared to three months in the last quarter of 2016.

Revenues for the quarter ending December 31, 2016 was $17,255,060 as compared to for the quarter ending December 31, 2015 was $13,704,896. 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 continues to invest in business development in this area and there are signs that the Company will see an increased volume of projects into 2017. Historically, the Company's performance is better in the second half of the fiscal year.

Expenses for the quarter ending December 31, 2016 was $15,811,601 as compared to $11,235,368 for the last quarter in 2015. This increase in expenses was due to 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 and amortization.

Liquidity and Capital Resources

As at December 31, 2016, the Company had cash of $9,448,829 compared to $8,534,669 as at December 31, 2015. Accounts receivable (“AR”) of $23,684,358 were outstanding at December 31, 2016 compared to $16,173,695 as at December 31, 2015, due mainly to increased volumes of work the Company carried out during the period. Total current assets amounted to $55,204,500 (December 31, 2015 – $34,337,754) with current liabilities of $21,414,718 (December 31, 2015 – $8,719,675) resulting in a working capital balance of $33,789,782 (December 31, 2015 – $25,618,079).

The nature of the work being issued to the Company by its biggest customer has been changing in 2016, with projects becoming larger and of a longer duration. This change in the mix of work has required an investment in working capital by the Company, as seen in our AR and work in progress (“WIP”) balances at the end of the period. As a result of the significant increases in the volume of work, the Company has experienced challenges receiving work approvals as well as receiving timely payments. DIG management is actively working with its clients to streamline the approval process with a view towards improving work approval cycles. The Company expects to have more visibility on these initiatives in 2017.

The Company has a revolving loan with a major bank for a maximum of $10,000,000. As at December 31, 2016, the balance of the loan was $9,999,975 (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. Offsetting the bank loan the company has cash of $9,448,829 on hand at year end.

Convertible Debentures

The Company had convertible debentures valued at $895,409 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 December 31, 2016 accrued interest was $nil.

Long term debt

In November 2015, the Company entered into 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.

On June 30, 2016 the Company amended the financial covenants in connection with the long-term debt. The debt service coverage ratio (“DSCR”) has been waived through to December 31, 2017. In addition, the net debt to EBITDA (earnings before interest, tax, depreciation and amortization) 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 of March 31, 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. As consideration for the covenant amendment the Company issued 2,000,000 common shares (200,000 post-consolidation) at a price of $0.125 per share on July 6, 2016. The cost of the common shares will be expensed over the term of the amendment starting in July 2016. All common share, option and warrant figures above are presented pre-consolidation unless otherwise indicated.

As at December 31, 2016, the Company is in compliance with its Financial Covenants.

On March 28, 2017 the Company announced it has agreed on terms to refinance its current and long-term debt with Royal Bank of Canada (“RBC”), its existing senior lender. DIG will consolidate all of its debt under one facility with RBC and will 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 effective interest rate from approximately 11% to approximately 4%. The Company will complete the refinancing effective May 26th, 2017.

Balance Sheet Variations

Current Assets

Current assets, which includes cash, AR, WIP, inventory, prepaid expenses and deposits, due from shareholders, and due from related party increased by $20,866,746 to $55,204,500 as at December 31, 2016, as compared to $34,337,754 as at December 31, 2015. The increase is due primarily to increases in trade receivables and work in progress related to increased business activities in our main line of business.

Non-Current Assets

Non-current assets, which includes property and equipment, goodwill, deposits and due from related party increased by $3,641,089 since December 31, 2015. The increase is primarily due to additional leased equipment and the recognition of goodwill on the acquisition of Mega Diesel Excavating Ltd. The Company will continue to make investments in equipment and vehicles in 2017 as the business continues to grow.

Current Liabilities

Current liabilities, which includes accounts payable and accrued liabilities, debentures and other debt, finance lease obligations, income taxes payable and credit facilities, increased by $12,695,043 since December 31, 2015, due primarily to an increase in credit facilities, accounts payable and current finance

lease obligations.

Non-Current Liabilities

Non-current liabilities include debentures and other debt, long-term debt and finance leases obligations. Non-current liabilities decreased by $526,615 from December 31, 2015. The decrease is due primarily to principal payments made on equipment under capital leases and an increased portion of the Company's capital leases reported under current liabilities.

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 Professional Management Services Inc. ("ABL") provides engineering services to the Company. Transactions between the parties are incurred in the normal course of business. During the year ended December 31, 2016, the Company has recorded net transactions of $355,819 (2015 - $214,151). As at December 31, 2016, $1,465,970 (December 31, 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 on or before August 23, 2018. 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 $149,631 (2015 – $225,631) and are due on demand. The outstanding amounts will be repaid over the next twelve months, is personally guaranteed by the shareholders and bears interest at the Bank of Canada's prime rate plus 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).

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 current and long-term debt with Royal Bank of Canada ("RBC"), its existing senior lender. DIG will consolidate all of its debt under one facility with RBC and will 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 effective interest rate from approximately 11% to approximately 4%. The Company will complete the refinancing effective May 26th, 2017.

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 computations of impairment of property and equipment, revenue and work in process, depreciation of property and equipment, provision for doubtful accounts, purchase price allocations and goodwill.

Changes in Accounting Policies

The Company made no significant changes to its accounting policies in 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.

QUANTITATIVE AND QUALITATIVE DISCLOSURES OF MARKET RISK

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 agrees policies for managing each of these risks which are summarized below.

Credit Risk

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. Credit risk arises from cash, cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

Liquidity Risk

The Company has liquidity risk associated with credit facilities of $9,999,975, (December 31, 2015 – $337,461), accounts payable and accrued liabilities of $6,503,980 (December 31, 2015 - $4,961,331) and current portion of obligations under finance leases of $3,106,304 (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.

As at December 31, 2016, the undiscounted cash flows of financial liabilities based on maturity date are as follows:

Financial Liabilities	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

As at December 31, 2015 the undiscounted cash flows of financial liabilities based on maturity date were as follows:

Financial Liabilities	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

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 Company's management to sustain the future development of the business and continued growth.

The Company includes equity, comprised of issued common shares, warrants and conversion rights and deficit, in the definition of capital. The Company 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 Company 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 Company, 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 15 common shares of DistinctTech along with all the shares of the numbered companies were returned to treasury for cancellation and 151,000,000 (15,100,000 post-consolidation) 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 (5,556,565 post-consolidation) units (the "Units") at $0.10 ($1.00 post-consolidation) 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 ($2.00 post-consolidation) 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 ($3.00 post-consolidation) 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 (431,725 post-consolidation) 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 $0.10 ($1.00 post-consolidation) per Unit. Each Unit consists of one common share and one half common share per purchase warrant. On July 6, 2016, 2,500,000 (250,000 post-consolidation) broker warrants were exercised at a price of $0.10 ($1.00 post-consolidation) for total proceeds of $250,000. Each whole common share purchase warrant has an exercise price of $0.20 ($1.00 post-consolidation) per share and expires within 36 months of issuance.

On September 2, 2016 the Company consolidated its common shares on a 10 for 1 basis. The common shares commenced trading on a consolidated basis on September 6, 2016. All common share, option and warrant figures above are presented pre-consolidation unless otherwise indicated.

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.

The total DIG common shares outstanding as at December 31, 2016 was 35,295,305 with fully diluted shares of 40,204,612.

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.