



DISTINCT INFRASTRUCTURE GROUP INC.

MANAGEMENT

DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2017

Dated MAY 25, 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 PERIOD ENDED MARCH 31, 2017

Notice to Reader

Management has compiled the condensed interim consolidated unaudited financial statements of Distinct Infrastructure Group Inc., ("DIG" or the "Company") consisting of the Consolidated Statements of Financial Position, the Consolidated Statements of Comprehensive Loss, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows for the period ended March 31, 2017. 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 March 31, 2017, 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 \$64.9 million and \$8.4 million over the twelve month period ended March 31, 2017 (\$8.7 million adjusted EBITDA)
- DIG successfully listed on the TSX Venture Exchange on August 24, 2015

Capitalization

- Market Capitalization of approximately \$57 million as at March 31, 2017

- Basic Shares Outstanding as at March 31, 2017 of 35.4 million (December 31, 2016 - 35.3 million)
- Fully Diluted Shares Outstanding as at March 31, 2017 of 40.2 million (December 31, 2016 – 40.2 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	Three Months March 31, 2017	Three Months March 31, 2016
Net and comprehensive income	(175,406)	(270,725)
Add:		
Income tax provision	69,813	-
Finance expense	1,009,357	767,907
Depreciation	658,426	532,279
EBITDA	1,562,190	1,029,461
Add:		
Transaction costs on business combinations	-	-
One-time transaction costs	-	-
Share-based compensation	29,909	21,412
Adjusted EBITDA	1,592,099	1,050,873

As at 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 three months ended March 31, 2016 as disclosed above now follows the same definition.

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

Period ended	Three months March 31, 2017	Three months March 31, 2016
Cash flows used in operating activities	(1,922,178)	(3,496,058)
Changes in non-cash working capital items		
Accounts receivable	(2,704,103)	1,107,038
Inventory	(8)	(1,625)
Work in progress	(291,659)	(5,222,188)
Prepaid expenses and deposits	(283,060)	(160,401)
Accounts payable and accrued liabilities	735,169	439,802
Income taxes payable	12,071	(630)
Cash Flow from Operations prior to Changes in Non-Cash Working Capital Items	609,412	341,946
Deduct:		
Cash paid for business acquisitions, net of cash acquired	-	(1,899,334)
Adjusted Cash from Operations	609,412	2,241,280

Acquisitions

1. 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.
2. 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 PERIOD ENDING MARCH 31, 2017

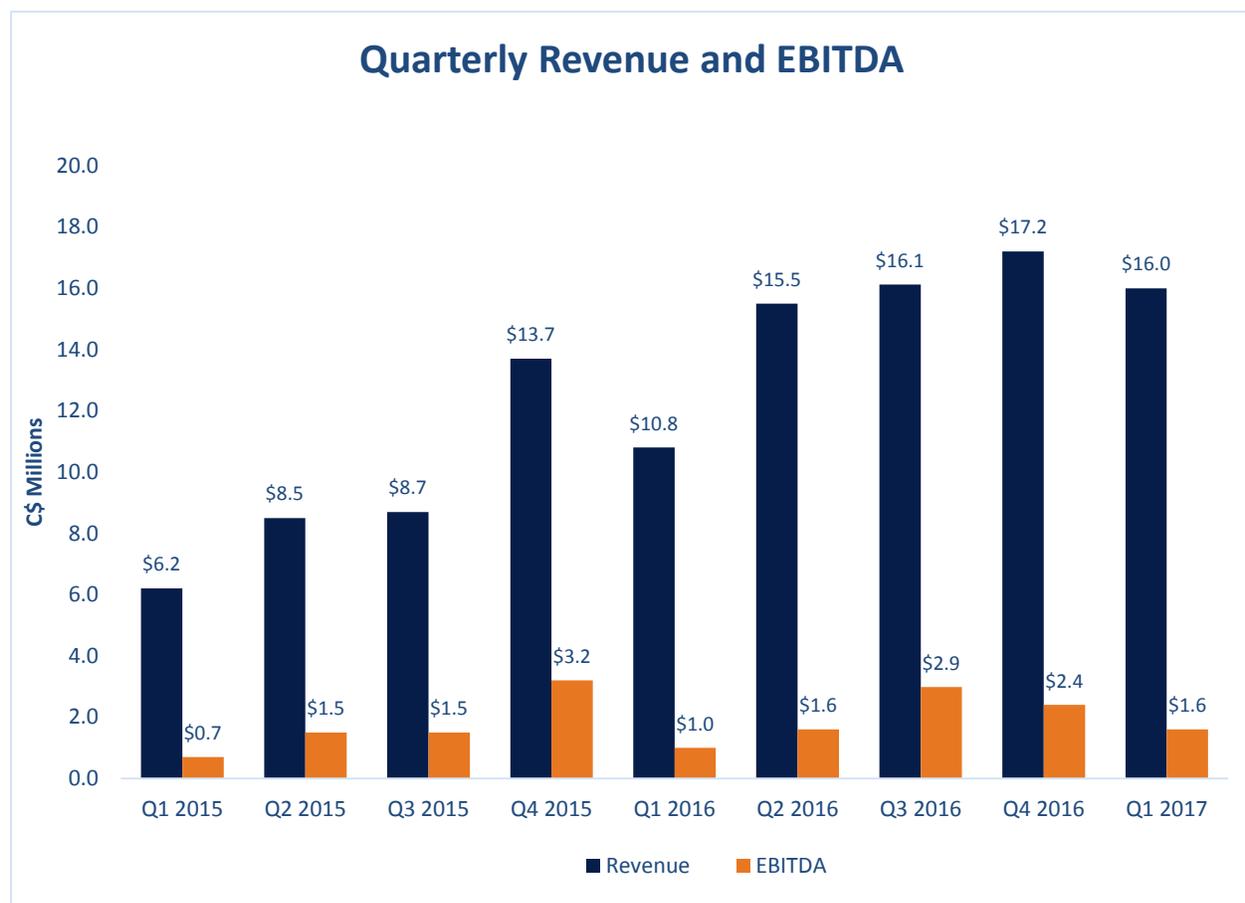
Selected Financial Information

Period ended	Three months March 31, 2017	Three months March 31, 2016
<i>Comprehensive Income</i>	\$	\$
Revenues	16,042,343	10,759,455
Direct costs	11,718,797	7,668,678
Gross profit	4,323,547	3,090,777
Gross margin (%)	27%	29%
EBITDA ⁽¹⁾	1,562,190	1,029,460
Adjusted EBITDA ⁽²⁾	1,592,099	1,050,872
Net and comprehensive income (loss)	(175,406)	(270,725)
Earnings (loss) per share – basic	(0.00)	(0.01)
Earnings (loss) per share – diluted	(0.00)	(0.01)
<i>Financial Position</i>	\$	\$
Total assets	74,840,926	54,254,897
Working capital	33,976,686	25,196,726
<i>Cash Flows</i>	\$	\$
Cash from operations	(1,922,178)	(3,496,058)
Adjusted Cash From Operations ⁽³⁾	609,412	2,241,280
Net cash outflow	(2,530,249)	(4,071,010)

(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

Revenue for the first quarter ended March 31, 2017 increased to \$16,042,343 from \$10,759,455 for the first quarter ended March 31, 2016, an increase of 49% or \$5,282,888. Demand for the Company's services were strong during the period under review. Factors that contributed to increased revenues include:

- (a) Continued incremental demand for telecommunication infrastructure services across Ontario and Alberta.
- (b) The iVAC business continues to perform well, with a mix of 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) Western business results continue to remain in-line with management expectations. 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 quarter ending March 31, 2017 increased by \$4,050,119 or 53% over the quarter ended March 31, 2016. The increase is in direct correlation to the 49% increase in revenues in the same period under review. Direct costs are made up of materials, labour, and overheads. Direct costs were 73% of revenues for the year ended as compared to 71% for the previous fiscal year. Should strong demand for services continue, the Company will look to add select employees during the first half of 2017.

Operating Expenses

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

Particulars	Three Months ending March 31, 2017	Three Months ending March 31, 2016
Salaries and wages	1,168,652	631,990
Communication expense	40,055	29,994
Bank charges and other related costs	34,159	10,224
Advertising and promotion	201,397	170,235
Professional fees	637,558	594,582
Occupancy costs	163,992	170,363
Insurance expense	72,584	52,068
Office expense	100,810	67,519
Information technology costs	184,747	93,686
Travel expense	75,766	163,556
Legal costs	35,843	nil
Other expenses	45,794	77,098
Depreciation	658,426	532,279
Interest on capital leases	141,973	108,108
Loan interest and other finance costs	867,384	659,798

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 three months ended March 31, 2017 were \$1,168,652, an increase of 85% compared to \$631,990 for the three months ended March 31, 2016. This is mainly due to the Company's organic growth. The Company continues to build out a robust management structure across all areas of the business to service our clients and manage growth in the field. Investment in the training of staff continues with a focus on implementation of systems and processes.

Communication Expense

Communication expense includes cellular and telephony expenses. This category of expense increased to \$40,055 compared to \$29,994 in the prior three month period. The Company's organic growth of its core business segments account for this increase.

Bank Charges and Other Related Costs

Bank charges and other related costs increased to \$34,159 from \$10,224 during the prior three month period.

Advertising and Promotion

Advertising and promotion for the three months ended March 31, 2017 was \$201,397, a \$31,162 increase over the three months ended March 31, 2016. 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 increased by \$42,976 or 7%. This change is mainly attributed to a slight increase 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.

Occupancy Costs

Occupancy costs decreased by \$6,371 to \$163,992 for the three months ended March 31, 2017 as compared to \$170,363 for the three months ended March 31, 2016. As the Company continues to grow there will be additional demand on space, the Company will make the necessary investments in this area. 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 \$72,584 from \$52,068 when compared to the three months ending March 31, 2016. 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 \$100,810 from \$67,519. 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 three months ending March 31, 2016.

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 \$91,061 during the three months ended March 31, 2017 over the three months ended March 31, 2016. The Company continues to invest in its systems and sees these as strategic business differentiators.

Travel Expenses

Travelling expenditure decreased by \$87,790 to \$75,766 for the three months ended March 31, 2017 as compared to the three months ended March 31, 2016. This decrease was due to a reduction in travelling during the period related to the Company's IR program. We expect 2017 travel expenses to be in-line with the prior year.

Legal costs

The Company's legal costs increased to \$35,843 for the three months ended March 31, 2017 as compared to \$nil for the three months ended March 31, 2016.

Other Expenses

Other expenses decreased by \$31,304 over the prior period to \$45,794 for the three months ended March 31, 2017. This cost consists mainly of all other unallocated expenses.

Depreciation

Depreciation of property and equipment for the three months ended March 31, 2017 increased by \$126,147 as compared to the three months ended March 31, 2016. This was due to additional leased capital assets, in particular, the increased number of hydrovac units and directional drills. 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 \$33,865 for the three months ended March 31, 2017 to \$141,973. 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 \$207,586 or 31%, from \$659,798 to \$867,384 for the three months ended March 31, 2017. 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. 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.

Quarterly Results

	Three Months ended March 31, 2017	Three Months ended December 31, 2016	Three Months ended September 30, 2016	Three Months ended June 30, 2016
INCOME STATEMENT				
Revenues	16,042,343	17,255,060	16,122,306	15,514,275
Expenses ⁽¹⁾	15,138,579	15,811,601	13,877,115	14,637,517
Net and comprehensive income (loss)	(175,406)	(48,276)	1,118,846	10,744
Earnings per share – basic	(0.00)	0.00	0.04	0.00

	Three Months ended March 31, 2016	Four Months ended December 31, 2015	Three Months ended August 31, 2015	Three Months ended May 31, 2015
INCOME STATEMENT				
Revenues	10,759,455	13,704,896	8,727,311	8,507,528
Expenses ⁽¹⁾	10,262,273	11,235,368	7,565,160	7,523,048
Net and comprehensive income (loss)	(270,725)	933,009	527,587	603,887
Earnings per share – basic	(0.01)	0.04	0.02	0.04

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

RESULTS OF OPERATIONS

The Company reported a net loss for the quarter ending March 31, 2017 of \$175,406 as compared to a net loss of \$270,725 for the quarter ending March 31, 2016. The increase in net income was as a result of an increase in revenue growth relative to SG&A, depreciation, and finance expense growth. Historically, the first and second quarter are the slowest for the company. As well, the company typically invests in its organization and people during the first half of the year to prepare for the ramp up of business through the remainder of the year.

Revenues for the quarter ending March 31, 2017 was \$16,042,343 as compared to revenues for the quarter ending March 31, 2016 of \$10,759,455. 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 mid-2017. Historically, the Company's performance is better in the second half of the fiscal year.

Expenses for the quarter ending March 31, 2017 was \$15,138,579 as compared to \$10,262,273 for the

quarter ending March 31, 2016. This increase in expenses was due to costs associated with revenue volume growth and business development.

Liquidity and Capital Resources

As at March 31, 2017, the Company had cash of \$6,918,580 compared to \$9,448,829 as at December 31, 2016. Accounts receivable ("AR") of \$26,388,461 were outstanding as at March 31, 2017 compared to \$23,684,358 as at December 31, 2016, due mainly to increased volumes of work the Company carried out during the period. Total current assets amounted to \$55,929,080 (December 31, 2016 – \$55,204,500) with current liabilities of \$21,952,394 (December 31, 2016 – \$21,414,718) resulting in a working capital balance of \$33,976,686 (December 31, 2016 – \$33,789,782).

The nature of the work being issued to the Company by its biggest customer continues to be projects that are 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 through 2017.

The Company has a revolving loan with a major bank for a maximum of \$10,000,000. As at March 31, 2017, the balance of the loan was \$9,999,975 (December 31, 2016 – \$9,999,975). 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 \$6,918,580 on hand at March 31, 2017.

Convertible Debentures

The Company had convertible debentures with a carrying value of \$905,663 as at March 31, 2017 that were inherited on the acquisition of QE2. The interest rate on the debentures is 8% per annum and they mature on October 20, 2018. Interest is paid semi-annually and is accrued by the company until paid. As at March 31, 2016 accrued interest was \$nil (December 31, 2016 – \$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 March 31, 2017, 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 \$724,580 to \$55,929,080 as at March 31, 2017, as compared to \$55,204,500 as at December 31, 2016. 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 decreased by \$676,882 since December 31, 2016. The decreased is primarily due to depreciation of leased equipment and other equipment. The Company will be making 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 \$537,676 since December 31, 2016, due primarily to an increase in accounts payable, partially offset by a reduction in the

current portion of 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 \$459,778 from December 31, 2016. The decrease is due primarily to principal payments made on equipment under capital leases.

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 period, the Company has recorded net transactions of \$40,711 (March 31, 2016 - \$80,000). As at March 31, 2017, \$1,425,259 (December 31, 2016 - \$1,465,970) 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 \$125,631 (December 31, 2016 – \$149,631) 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 \$168,462 was paid for the period ending March 31, 2017 (March 31, 2016 – \$196,538).

The Company pays its other key management personnel by way of management services agreement(s) with companies controlled by these individuals. Payments totalling \$271,192 was paid for the period ending March 31, 2017 (March 31, 2016 - \$233,975).

SUBSEQUENT EVENTS

On May 5, 2017, 6,000 broker warrants were exercised at a price of \$1.00 for total proceeds to the Company of \$6,000.

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 2017.

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 does have a liquidity risk with credit facilities of \$9,999,975, (December 31, 2016 - \$9,999,975), accounts payable and accrued liabilities of \$7,239,149 (December 31, 2016 - \$6,503,980) and current portion of obligations under finance leases of \$2,866,274 (December 31, 2016 - \$3,106,304). 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.

As at March 31, 2017, 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	\$7,239,149	\$-	\$-	\$7,239,149
Debentures and other debt	564,877	905,663	-	1,470,540
Long-term debt	-	20,000,000	-	20,000,000
Finance lease obligations	2,866,274	4,194,243	-	7,060,517
	\$10,670,300	\$25,099,906	\$-	\$35,770,206

As at December 31, 2016 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	\$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

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 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.

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.

The total DIG common shares outstanding as at March 31, 2017 was 35,410,602 with fully diluted shares of 40,152,260.

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.