DISTINCT INFRASTRUCTURE GROUP INC.

MANAGEMENT

DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED JUNE 30, 2017

Dated AUGUST 28, 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 JUNE 30, 2017

Notice to Reader

Management has compiled the unaudited condensed consolidated interim 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 (Loss), Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows for the period ended June 30, 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 June 30, 2017, should be read in conjunction with the audited consolidated 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 Venture 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 $69.6 million and $9.3 million over the twelve month period ended June 30, 2017 ($9.5 million adjusted EBITDA)

Capitalization

- Market capitalization of approximately $49 million as at June 30, 2017
- Basic shares outstanding as at June 30, 2017 of 35.4 million (December 31, 2016 - 35.3 million)

- Fully diluted shares outstanding as at June 30, 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, Adjusted Cash from Operations, Adjusted Net Income and Adjusted EPS.

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 expenses 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.

"Adjusted Net Income" represents Net Income plus one time finance expenses.

"Adjusted EPS" represents Adjusted Net Income divided by the average number of common shares outstanding for each period and Adjusted Net Income divided by the weighted average number of diluted common shares outstanding.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA:

Period ended	Three Months June 30, 2017	Three Months June 30, 2016	Six Months June 30, 2017	Six Months June 30, 2016
Net and comprehensive (loss)/income	**(853,806)**	**10,744**	**(1,029,212)**	**(259,981)**
Add:				
Income taxes	-	-	69,813	-
Finance expense	630,107	866,014	1,639,464	1,633,921
One-time finance expense	1,933,309	-	1,933,309	-
Depreciation	657,019	731,985	1,315,445	1,264,264
EBITDA	**2,366,629**	**1,608,743**	**3,928,820**	**2,638,203**
Add:				
Transaction costs on business combinations	-	-	-	-
One-time transaction costs	-	-	-	-
Share-based compensation	13,282	100,526	43,191	121,938
Adjusted EBITDA	**2,379,911**	**1,709,269**	**3,972,011**	**2,760,141**

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

Period ended	Three months June 30, 2017	Three months June 30, 2016	Six months June 30, 2017	Six months June 30, 2016
Cash flows used in operating activities	**(6,251,743)**	**(4,425,553)**	**(8,173,921)**	**(7,921,611)**
Changes in non-cash working capital items				
Accounts receivable	(935,184)	(4,773,704)	(3,639,287)	(3,666,666)
Inventory	-	(8)	(8)	(1,633)
Prepaid expenses and deposits	92,398	(295,315)	(190,662)	(455,716)
Work in progress	(7,800,766)	(3,021,980)	(8,092,425)	(8,244,168)
Accounts payable and accrued liabilities	1,962,473	3,391,190	2,697,642	3,830,992
Income taxes paid	(338,554)	(642,260)	(326,483)	(642,890)
Cash Flow from Operations prior to Changes in Non-Cash Working Capital Items	**767,890**	**916,525**	**1,377,302**	**1,258,470**

Reconciliation of cash flow from operations to Adjusted Cash from Operations (continued):

Deduct:				
Cash paid for business acquisitions, net of cash acquired	-	-	-	(1,899,334)
Adjusted Cash from Operations	**767,890**	**916,525**	**1,377,302**	**3,157,804**

Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS:

Period ended	**Three Months June 30, 2017**	**Three Months June 30, 2016**	**Six Months June 30, 2017**	**Six Months June 30, 2016**
Net and comprehensive (loss)/income	**(853,806)**	**10,744**	**(1,029,212)**	**(259,981)**
Add:				
One-time finance expense	1,933,309	-	1,933,309	-
Adjusted net and comprehensive (loss)/income	**1,079,503**	**10,744**	**904,097**	**(259,981)**
Adjusted EPS (basic and diluted)	0.03	0.00	0.03	(0.01)

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 is currently disputing this amount, and is seeking damages as part of its dispute. The Company also acquired cash of $201,716 and issued 350,000 options (35,000 post-consolidation) as part of the transaction.

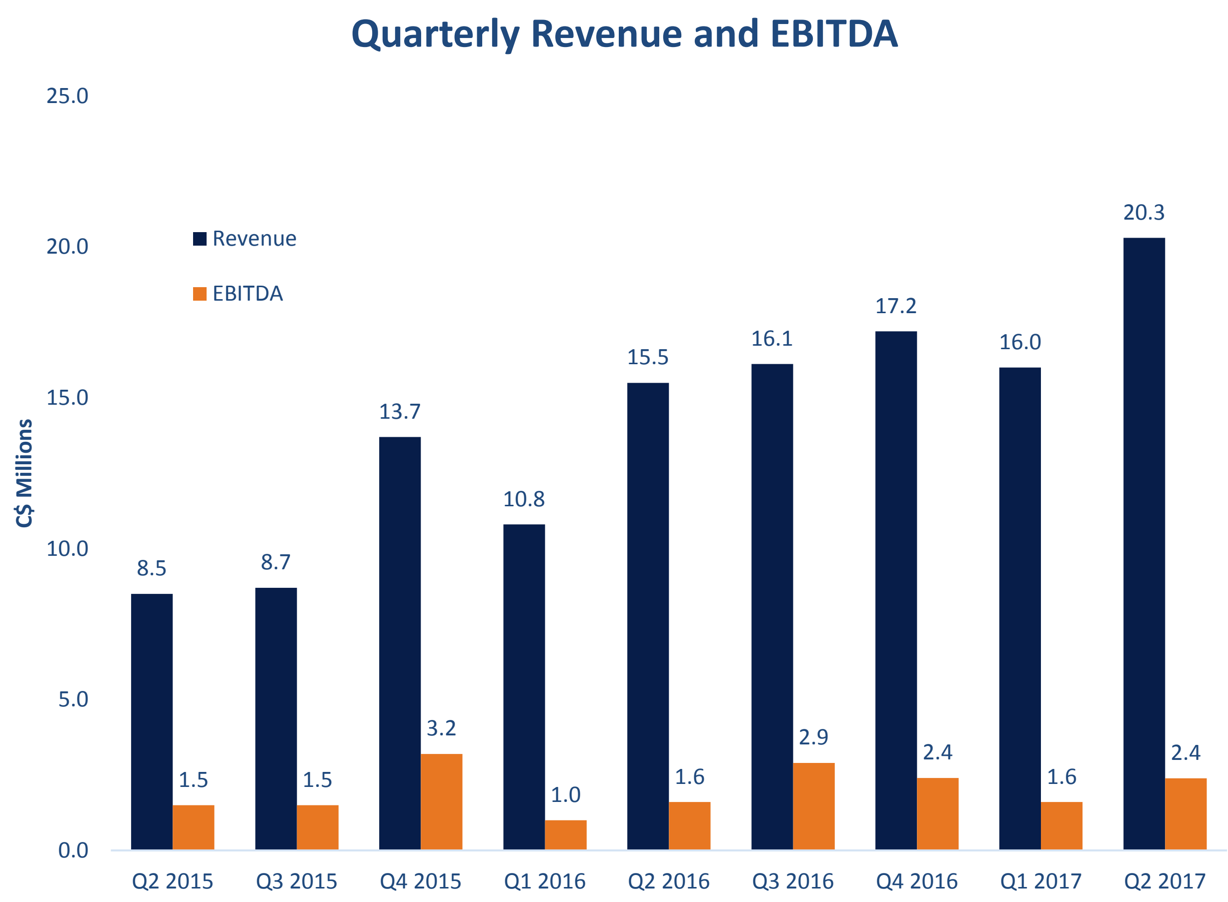
2. On September 2, 2016 the Company consolidated its common shares on a 10 for 1 basis. The common shares commenced trading on a consolidated basis on September 6, 2016. All common share, option and warrant figures above are presented pre-consolidation unless otherwise indicated.

HIGHLIGHTS FOR THE PERIOD ENDING JUNE 30, 2017

Selected Financial Information

Period ended	Three months June 30, 2017	Three months June 30, 2016	Six months June 30, 2017	Six months June 30, 2016
Comprehensive Income	$	$	$	$
Revenues	20,250,043	15,514,275	36,292,386	26,273,730
Direct costs	14,814,317	11,042,213	26,533,114	18,710,891
Gross profit	5,435,726	4,472,062	9,759,272	7,562,839
Gross margin (%)	26.8%	28.8%	26.9%	28.8%
EBITDA	2,366,629	1,608,743	3,928,820	2,638,204
Adjusted EBITDA(1)	2,379,911	1,709,269	3,972,011	2,760,142
Net and comprehensive (loss)/income	(853,806)	10,744	(1,029,212)	(259,981)
(Loss)/earnings per share – basic and diluted	(0.02)	0.00	(0.03)	(0.01)
Adjusted net and comprehensive (loss)/income (1)	1,079,503	10,744	904,097	(259,981)
Adjusted EPS – basic and diluted(1)	0.03	0.00	0.03	(0.01)
Financial Position	$	$	$	$
Total assets	79,007,238	63,252,146	79,007,238	63,252,146
Working capital	47,158,306	24,261,047	47,158,306	24,261,047
Cash Flows	$	$	$	$
Cash flows used in operating activities	(6,251,743)	(4,425,553)	(8,173,921)	(7,921,611)
Adjusted Cash From Operations(1)	767,890	916,525	1,377,302	3,157,804
Net cash inflow (outflow)	(3,957,710)	(1,033,770)	(6,487,959)	(5,104,780)

(1) The MD&A presents certain non-GAAP/IFRS financial measures to assist readers in understanding the Company's performance. For reconciliation to IRFS/GAAP figures please refer to section herein titled: "Non-GAAP Financial Measures"



Revenue

Revenue for the second quarter ended June 30, 2017 increased to $20,250,043 from $15,514,275 for the second quarter ended June 30, 2016, an increase of 30.5% or $4,735,768. Demand for the Company's services were strong during the period under review. Factors that contributed to increased revenues include:

(a) Demand for the Company's turnkey utilities infrastructure services continues with incremental increases for services from key clients in both Ontario and Alberta.

(b) Distinct's hydrovac group ("iVac Services Inc." or "iVac") continues to perform well, with a strong mix of internal and external business. iVac 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.

(c) The Company expects a modest improvement in the broader Alberta economic landscape into the second half of 2017 and strong demand for our services continues.

Direct Costs

Direct Costs for the quarter ending June 30, 2017 increased by $3,772,104 or 34.2% over the quarter ended June 30, 2016. The increase is in direct correlation to the 30.5% increase in revenues in the same period under review. Direct costs are made up of materials, labour, and overheads. Direct costs were 73.2% of revenues for the quarter ended as compared to 71.2% for the previous fiscal quarter. This slight increase in costs was due to lost field efficiencies resulting from an increased amount of weather related delays. Should strong demand for services continue, the Company will look to add select employees during the second 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	Six Months ending June 30, 2017	Six Months ending June 30, 2016
Salaries and wages	3,295,764	3,020,345
Communication expense	82,266	65,380
Bank charges and other related costs	33,557	9,423
Advertising and promotion	399,843	276,252
Professional fees	422,470	151,544
Occupancy costs	309,150	313,323
Insurance expense	142,158	105,225
Office expense	179,377	218,264
Information technology costs	368,924	194,474
Travel expense	363,371	349,146
Legal costs	233,573	140,638
Other expenses	-	80,621
Depreciation	1,315,445	1,264,264
Interest on capital leases	260,325	263,127
Loan interest and other finance costs	1,379,139	1,370,794
One-time finance expense	1,933,309	-

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 six months ended June 30, 2017 were $3,295,764, an increase of 9% compared to $3,020,345 for the six months ended June 30, 2016. This is mainly due to the Company’s organic growth. The Company continues to build out the 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 $82,266 compared to $65,380 in the prior six month period, an increase of $16,886. 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 $33,557 from $9,423 during the prior six month period. The Company consolidated the Group's bank accounts and incurred costs during the process.

Advertising and Promotion

Advertising and promotion for the six months ended June 30, 2017 was $399,843, a $123,591 increase over the six months ended June 30, 2016. The Company continues support investor relations activities ("IR"). As well, the Company remains active in the community via various sponsorships and charitable contributions.

Professional Fees

Professional fees increased by $270,926 or 179%. This change is mainly attributed to an increase in consulting and business advisory fees incurred during the period under review. Professional fees include: accounting, outsourced HR recruiting, payroll processing and other specialized professional services that have been outsourced. It is expected that these costs will be significantly lower in the second half of 2017.

Occupancy Costs

Occupancy costs decreased by $4,173 to $309,150 for the six months ended June 30, 2017 as compared to $313,323 for the six months ended June 30, 2016. 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 has added additional space at its corporate headquarters during the period ended June 30, 2017. The new space is contiguous and conterminous.

Insurance Expense

Insurance expense increased to $142,158 from $105,225 when compared to the six months ending June 30, 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. There are also trailing equipment additions by anywhere from one to three quarters due to the nature of the Company's insurance program.

Office Expense

Office expenses decreased to $179,377 from $218,264. This decreased was mainly a result of streamlined operations in Ontario and specifically Western Canada when compared to the six months ending June 30, 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 $174,450 during the six months ended June 30, 2017 over the six months ended June 30, 2016. The Company continues to invest in its systems and sees these as strategic business differentiators. These systems are beginning to improve efficiencies and will continue through to the end of 2017. The Company expects a reduction in expenses in 2018.

Travel Expense

Travelling expenditure increased by $14,225 to $363,371 for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016. This increase was due to travelling during the period related to the Company's IR program and acquisition pursuits. The Company expects 2017 travel expenses to be in-line with the prior year.

Legal Costs

The Company's legal costs increased to $233,573 for the six months ended June 30, 2017 as compared to $140,638 for the six months ended June 30, 2016. The increase in legal costs is associated with our current litigation and other legal expenses.

Other Expenses

Other expenses for the period were $nil, as compared to $80,621 for the six months ended June 30, 2016.

Depreciation

Depreciation of property and equipment for the six months ended June 30, 2017 increased by $51,181 as compared to the six months ended June 30, 2016. The Company does not plan to add any additional capital assets during the remainder of 2017.

Interest on Capital Leases

These expenses decreased by $2,802 for the six months ended June 30, 2017 to $260,325. Going forward, this expense item will remain relatively stable and decrease slightly as the company believes that it does not need to add new equipment to meet growth targets.

Loan Interest and Other Finance Costs

Loan interest increased by $8,345 or 1%, from $1,370,794 to $1,379,139 for the six months ended June 30, 2017. On May 26, 2017, the Company refinanced its credit facilities and long-term debt with "RBC", its existing senior lender. DIG consolidated all of its debt under one facility with RBC and exercised 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%, resulting in significant interest savings due to its new debt agreement.

One-time finance expense

During the six month period ended June 30, 2017, the company incurred $1,933,309 in one-time corporate finance costs in connection with the refinancing of its senior debt facilities. These fees and non-cash expenses include a $600,000 early repayment fee to Crown, loss on extinguishment of debt, as well as other settlement costs.

Quarterly Results

	Three Months ended June 30, 2017	Three Months ended March 31, 2017	Three Months ended December 31, 2016	Three Months ended September 30, 2016
INCOME STATEMENT				
Revenues	20,250,043	16,042,343	17,255,060	16,122,306
Expenses(1)	18,540,433	15,138,579	15,811,601	13,877,115
Net and comprehensive income (loss)	(853,806)	(175,406)	(48,276)	1,118,846
Earnings per share – basic	(0.02)	0.00	0.00	0.04

	Three Months ended June 30, 2016	Three Months ended March 31, 2016	Four Months ended December 31, 2015	Three Months ended August 31, 2015
INCOME STATEMENT				
Revenues	15,514,275	10,759,455	13,704,896	8,727,311
Expenses(1)	14,637,517	10,262,273	11,235,368	7,565,160
Net and comprehensive income (loss)	10,744	(270,725)	933,009	527,587
Earnings per share – basic	0.00	(0.01)	0.04	0.02

(1) Excludes finance expense, one-time expenses and income taxes

RESULTS OF OPERATIONS

The Company reported a net loss for the quarter ending June 30, 2017 of $853,806 as compared to net income of $10,744 for the quarter ending June 30, 2016. Adjusted Net Income for the three months ended June 30, 2017 was $1,079,503 as compared to Adjusted Net Income of $10,744 for the quarter ending June 30, 2016.

The increase in Adjusted Net Income was as a result of an increase in revenue growth relative to SG&A, and depreciation. Historically, the first and second quarter are the slowest for the company, however Adjusted Net Income grew during the second quarter of 2017, up $1,068,759 over the prior period. The company typically invests in its people and organization 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 June 30, 2017 were $20,250,043 as compared to revenues for the quarter ending June 30, 2016 of $15,514,275. Organic growth accounted for the majority of this increase as the Company works with existing customers to grow its book of business in the telecommunications sector. The Company expects to see an increased volume of projects for 2017, with managed growth for the remainder of the year. Historically, the Company's financial performance has been weighted to the second half of the fiscal year.

Expenses for the quarter ending June 30, 2017 were $18,540,433 as compared to $14,637,517 for the quarter ending June 30, 2016. This increase in expenses was due to costs associated with revenue volume growth and business development.

Liquidity and Capital Resources

As at June 30, 2017, the Company had cash of $2,960,870 compared to $9,448,829 as at December 31, 2016. Accounts receivable ("AR") of $27,323,645 were outstanding as at June 30, 2017 compared to $23,684,358 as at December 31, 2016. This increase was due mainly to increased volumes of work the Company carried out during the period. Total current assets amounted to $60,584,923 (December 31, 2016 – $55,204,500) with current liabilities of $13,426,617 (December 31, 2016 – $21,414,718) resulting in a positive working capital balance of $47,158,306 (December 31, 2016 – $33,789,782). The increase in positive working capital is related to the movement of a portion of the Company's debt from short-term to long-term.

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 manage the approval process with a view towards reducing payment cycle times. The Company expects to have more visibility on these initiatives through the latter half of 2017.

On May 26, 2017, the Company refinanced and retired its existing $10,000,000 ("Line of Credit") credit facility with a Senior Secured Revolving Facility (the "Revolving Loan") from its existing lender, the Royal Bank of Canada ("RBC") for up to a maximum of $23,000,000. As at June 30, 2017, the balance of the Line of Credit was $nil (December 31, 2016 – $9,999,975).

The Company also has a corporate expense credit card up to a maximum of $275,000 (December 31, 2016 - $275,000).

For further details on the Company's debt refinancing please refer to the Revolving Loan and Long Term Debt section below.

Convertible Debentures

The Company had convertible debentures with a carrying value of $923,835 as at June 30, 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.

Revolving loan and 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”). The loan carried an interest rate of 10% per annum and matured on November 25, 2020. On May 26, 2017 the company exercised its option to prepay the $20,000,000 Debt and incurred certain fees and non-cash expenses associated with the settlement transaction, including a $600,000 early repayment fee to Crown. The repayment of the Crown Debt was funded using a portion of the RBC financing.

On May 26, 2017, the Company closed a debt facility with RBC representing a total lending amount of up to $35,000,000 consisting of a $23,000,000 Revolving Loan and a $12,000,000 Senior Secured Term Loan Facility (the "Term Loan"). As at June 30, 2017, the amount drawn on the Revolving Loan was $20,999,975 (December 31, 2016 - $nil).

The Revolving loan has a three year term and the Company can borrow or repay funds on the Revolving Loan prior to maturity at its discretion and is not subject to repayment fees. The Revolving Loan is secured by a first ranking general security agreement on all assets. The Revolving Loan is subject to a standby fee of 15% of the applicable Bankers’ Acceptance margin.

The Term Loan has a five year term and is amortizing on a straight-line basis over eight years with quarterly principal repayments of $375,000 and a $4,875,000 bullet payment at loan maturity. The Term Loan is repayable in part or in whole prior to maturity at the discretion of the Company and is not subject to repayment fees. The Term Loan is secured by a first ranking general security agreement on all assets of the Company.

The Term Loan and Revolving Loan bear interest at a floating rate benchmarked to Canadian Dollar Bankers’ Acceptances plus an applicable margin of 1.85% - 2.85%. The applicable margin is tied to the Company’s total leverage ratio. The Company is currently at the high end of this margin range.

Financial covenants in connection with the RBC Revolving Loan and Term Debt include:

(a) Net funded debt to earnings before interest, tax, depreciation and amortization (“EBITDA”) required to be less than 4.25:1 for the period up to September 30, 2017, stepping down to 3.50:1 as at December 31, 2017, and then 3.00:1 from December 31, 2018 onward.

(b) Debt service coverage required to be greater than 1.10:1 for the period up to September 30, 2017, stepping up to 1.25:1 as at December 31, 2017 onward.

As at June 30, 2017, the Company is in compliance with its Financial Covenants.

The company actively monitors all aspects of its leverage and debt service covenants closely to ensure compliance.

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 $5,380,423 to $60,584,923 as at June 30, 2017, as compared to $55,204,500 as at December 31, 2016. The increase is due to increases in trade receivables and work in progress related to increased business activity.

Non-Current Assets

Non-current assets, which includes property and equipment, goodwill, deposits and due from related party decreased by $1,166,413 since December 31, 2016. The decrease is primarily due to depreciation and disposal of leased equipment and other equipment. The Company believes that it will not require additional capital assets in 2017 to meet its 2017 targets.

Current Liabilities

Current liabilities, which includes accounts payable and accrued liabilities, debentures and other debt, finance lease obligations, income taxes payable and credit facilities, decreased by $7,988,101 since December 31, 2016, due primarily to an decrease in credit facilities and accounts payable.

Non-Current Liabilities

Non-current liabilities include debentures and other debt, revolving loan, long-term debt and finance leases obligations. Non-current liabilities increased by $13,066,835 from December 31, 2016. The increase is due primarily to the revolving loan and associated financing in May, offset by the decrease in long-term debt.

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 $27,654 (June 30, 2016 - $94,857). As at June 30, 2017, $1,438,316 (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 $95,631 (December 31, 2016 – $149,631). 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.

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 $367,000 was paid for the six month period ending June 30, 2017 (June 30, 2016 – $365,000).

The Company pays its other key management personnel by way of management services agreement(s) with companies controlled by these individuals. Payments totalling $559,394 was paid for the six month period ending June 30, 2017 (June 30, 2016 - $497,182).

SUBSEQUENT EVENTS

On August 11, 2017, the Company's existing lender, RBC, agreed to increase its Revolving Loan from $23,000,000 to $29,000,000 through to October 31, 2017. The amendment to the Revolving Loan is subject to the company maintaining a sufficient borrowing base in order to access the funds. As at the date of approval of the June 30, 2017 condensed interim consolidated financial statements, the Company has no amounts outstanding from the increased Revolving Loan.

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 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 period. 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.

QUANTITATIVE AND QUALITATIVE DISCLOSURES OF MARKET RISK

Financial Risk Management Objectives and Policies

The financial risks arising from the operations of the Company and its subsidiaries (altogether, the “Group”) are currency risk, credit risk, interest rate risk, concentration 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 and detailed further in Note 16 of the June 30, 2017 condensed consolidated interim financial statements.

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, held by banks and financial institutions, as well as credit exposure to customers, including outstanding accounts receivables, work in progress and committed transactions.

Liquidity Risk

The Company does have a liquidity risk with accounts payable and accrued liabilities, debentures and other debt, long-term debt and the current portion of obligations under finance leases. 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 revolving loan 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:

As at June 30, 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**
Credit Facilities	-	-	-	-
Accounts payable and accrued liabilities	9,201,622	-	-	9,201,622
Debentures and other debt	575,543	979,000	-	1,554,543
Revolving loan	-	20,999,975	-	20,999,975
Long-term debt	1,500,000	10,500,000	-	12,000,000
Finance lease obligations	2,705,887	3,666,680	-	6,372,567
	13,983,052	36,145,654	-	50,128,707

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**
Credit Facilities	9,999,975	-	-	9,999,975
Accounts payable and accrued liabilities	6,503,980	-	-	6,503,980
Debentures and other debt	534,411	979,000	-	1,513,411
Revolving loan	-	-	-	-
Long-term debt	-	20,000,000	-	20,000,000
Finance lease obligations	3,106,304	4,709,149	-	7,815,453
	20,144,670	25,688,149	-	45,832,819

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.

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 2017 or 2016.

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.

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.

The total DIG common shares outstanding as at June 30, 2017 was 35,416,602 with fully diluted shares of 40,155,260.

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.