DISTINCT INFRASTRUCTURE GROUP INC.

MANAGEMENT

DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED JUNE 30, 2016

Dated AUGUST 29, 2016

Disclosure Regarding Forward-Looking Statements

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

MANAGEMENT DISCUSSION & ANALYSIS FOR THE PERIOD ENDED JUNE 30, 2016

Notice to Reader

Management has compiled the condensed consolidated interim financial statements of Distinct Infrastructure Group Inc., ("DIG" or the "Company") consisting of the Condensed Consolidated Interim Statement of Financial Position, the Condensed Consolidated Interim Statements of Comprehensive Income/(Loss), Condensed Consolidated Interim Changes in Equity, and Condensed Consolidated Interim Statement of Cash Flows for the period ended June 30, 2016. All amounts are stated in Canadian Dollars unless otherwise specified.

The following Management Discussion and Analysis ("MD&A") of Distinct Infrastructure Group Inc. financial condition and results of operations, prepared as of June 30, 2016, should be read in conjunction with the consolidated audited financial statements of the Company for the period ended December 31, 2015, which are incorporated by reference herein and form an integral part of this MD&A.

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

Cautions Regarding Forward-Looking Statements

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

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

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

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

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

OVERVIEW OF DISTINCT INFRASTRUCTURE GROUP INC.

Who We Are

- Distinct Infrastructure Group Inc. ("DIG" or "Company") is a Canadian company founded in April 2007 and is a design, engineering, construction and maintenance Company. The Company is publicly traded on the TSX Venture Exchange ("TSXV") as of August 24, 2015 under the symbol "DUG". The Company's principal address and registered office of records is located at 77 Belfield Road, Toronto, Ontario, M9W 1G6, with operational offices in Toronto, Calgary, Sherwood Park (Alberta) and Regina.
- The Company's primary focus is the Ontario and Alberta economic landscape of opportunity in infrastructure, utilities and telecommunication. All levels of government have made significant multi-year financial commitments to maintain and improve existing infrastructure, while aggressively pursuing new infrastructure over the next 20 years.
- The Company has grown revenue and EBITDA from $8.7 million and $900 thousand in 2010, respectively, to $37.1 million and $5.6 million in fiscal year 2015 ($6.8 million adjusted EBITDA).
- DIG successfully listed on the TSX Venture Exchange on August 24, 2015.
- The Company employed approximately 350 people across Canada and had approximately 400 units of rolling stock as at June 30, 2016 compared to approximately 170 full time employees and 200 units of rolling stock as at May 31, 2015.

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

Mission Statement

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

Vision

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

Values

Health & Safety

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

Integrity

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

Quality

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

Commitment

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

Acquisitions

1. On May 1, 2015, the Company acquired all the issued and outstanding shares of DC Connections Inc. ("DC"), a St. Albert, Alberta-based telecom construction company similar in nature to DistinctTech Inc. ("DistinctTech"). The Company acquired the assets and business of DC for $188,236 in cash. DC is an operating company in Alberta and as such met the definition of a business under IFRS 3. The assets and liabilities of DC are included in the consolidated statement of financial position at their book values which approximate their fair market value on closing of the transaction. Share capital and retained earnings of the acquired company were eliminated on

consolidation. The DC acquisition was an arm's length transaction. There were no related parties to the Company involved in the transaction.

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

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

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

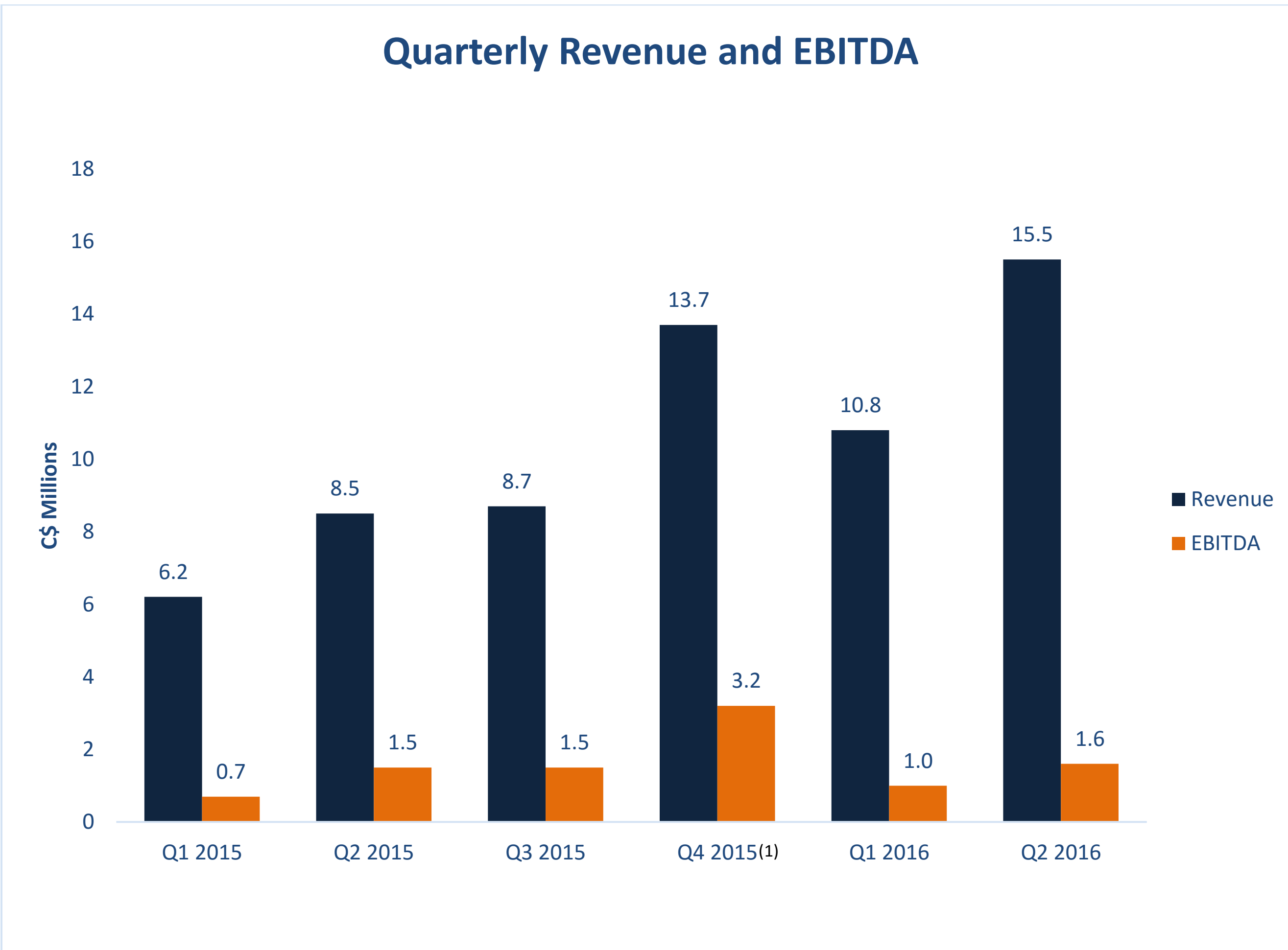
3. On March 10, 2016, the Company acquired all of the issued and outstanding securities of Mega Diesel Excavating Ltd. an Alberta based company, from two arm's length parties for an aggregate purchase price of $2,623,307 of which $2,121,840 was paid on closing and the balance of $501,467 is payable on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

HIGHLIGHTS FOR THE PERIOD ENDING JUNE 30, 2016

Select Financial Information

Period ended	Three months ending June 30, 2016	Three months ending May 31, 2015	Six months ending June 30, 2016	Six months ending May 31, 2015
INCOME STATEMENT				
Revenues	15,514,275	8,507,528	26,273,730	14,672,081
Direct Costs	11,042,213	5,821,589	18,710,891	10,122,969
Gross Margin	4,472,062	2,685,939	7,562,839	4,549,112
EBITDA	1,608,743	1,459,400	2,638,204	2,177,218
Income/(loss) and comprehensive Income/(loss)	10,744	603,887	(259,981)	809,805
Earnings per share – basic	0.000	$0.004	(0.001)	$0.005
Earnings per share – diluted	0.000	$0.004	(0.001)	$0.005

	Three Months ended June 30, 2016	Three Months ended May 31, 2015	Six Months ended June 30, 2016	Six Months ended May 31, 2015
BALANCE SHEET				
Total assets	63,252,146	27,170,416		
Working capital	24,261,047	6,187,857		
STATEMENTS OF CASH FLOWS				
Cash used in operations			(7,921,611)	(2,623,965)



Note: EBITDA and Adjusted EBITDA are non-GAAP/IFRS figures. Management believes that, in addition to net earnings, EBITDA and Adjusted EBITDA are useful measures as they provide an indication of the results generated by the Company's principal business activities. Adjusted EBITDA is calculated as EBITDA plus one-time costs relating to financing and public listing activities. For the four month period ending December 31, 2015

(1) For the 4 months ended December 31, 2016.

Revenue

Revenue for the second quarter ended June 30, 2016 increased to $15,514,275 from the second quarter ended May 31, 2015 of $8,507,528, an increase of 82.3% or $7,006,747. The Company has been involved with larger scale projects and projects of longer duration, spurred by increasing demand from customers. Factors that contributed to increased revenues include:

(a) The Company continues to perform well in its telecommunication infrastructure business. As well, the Company continues to experience increased demand for projects from one of the Company's largest customers.

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

(c) The results for this period include revenues for Pillar Contracting Ltd. acquired last August as part of the QE2 acquisition.

(d) The Company acquired Mega Diesel Excavating Ltd. ("Mega Diesel") in March 2016, adding four months of revenue to the period.

(e) Western business results have been lower than anticipated due to continued slow economic conditions. The company expects an improvement in the second half of 2016 and an improved economic outlook into mid-2017.

Direct Costs

Direct costs for the quarter ending June 30, 2016 increased by $5,220,624, or 90%, over the quarter ending May 31, 2015. The increase is in direct correlation to the 82.3% increase in revenues in the same period under review as well as a result of the Company engaging in lower margin work for some of our customers, and higher than normal margin pressures in western Canada. Direct costs are made up of materials, labour, and overhead. Direct costs were 71% of revenues for the quarter ended as compared to 68% for the quarter ended May 31, 2015. The Company has experienced some margin pressures due to unionization of its labour force in eastern Canada at the beginning of the year. DIG has added in excess of 100 employees during the first half of 2016 and incurred several costs associated with this hiring process including recruitment, health and safety training, field training costs, as well as inefficiencies in the field while we build and train new crews.

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, 2016	Six months ending May 31, 2015
Salaries and wages	3,020,345	1,254,995
Communication expense	65,380	29,393
Bank charges and other related costs	9,423	6,912
Advertising and promotion	276,252	276,529
Professional fees	292,182	260,546
	Six Months ended June 30, 2016	Six Months ended May 31, 2015
Occupancy costs	313,323	137,111
Insurance expense	105,225	55,536
Office expense	218,264	80,428
Information technology costs	194,474	115,360
Travel expense	349,146	101,038
Other expenses	80,621	54,046
Depreciation and amortisation	1,264,264	602,632
Interest on capital leases and other finance costs	263,128	85,744
Loan interest	1,370,793	254,370

Salaries and Wages

Salaries and wages are comprise of staffing costs associated with our operations center, control center, finance, HR, IT, customer service, corporate and administrative personnel. Salaries for the six months ended June 30, 2016 were $3,020,345 compared $1,254,995 for the six months ended May 31, 2015. This was due mainly to the Company's organic growth and to the inclusion of the acquisition in the period. The six months ending June 30, 2016 included the operations of two new subsidiaries that were acquired by the Company in the second half of 2015 and early 2016. The company is also investing in training of staff to implement its systems and processes across all the new business units.

Communication Expense

Communication expense includes cellular, telephony and fax expenses. This category of expense increased to $65,380 compared to $29,393 in the year-ago comparable period. The Company's acquisitions and the organic growth of its core business segments account for this increase. The Company is committed to ensuring operating expenses are controlled.

Bank Charges and other related costs

Bank charges and other related costs were $9,423 as compared to $6,912 in the year-ago comparable period. The increase of $2,511 was due mainly to an increase in banking activities, such as electronic funds transfers (EFT), online banking, and general banking costs associated with the acquisitions.

Advertising and Promotions

This category of costs decreased marginally to $276,252, a decrease of $277 as compared to the six months ending May 31, 2015. The Company continues to promote its existing and new service offerings as well as investor relations (“IR”) related promotional costs and charitable program funding. The Company continues to make contributions to the community in the form of various sponsorships and charitable contributions. The Company will continue to spend prudently on this category to ensure relationships and partnerships are acquired and managed.

Professional Fees

Professional fees increased by $31,636 or 12%. The increase was mainly attributed to consulting and business advisory fees incurred during the six months ending June 30, 2016.

Occupancy Costs

Occupancy costs increased by 129% to $313,323 for the six months ending June 30, 2016 as compared to the six months ending May 31, 2015. In June 2015, the Company moved into a new location with larger office and warehouse space to accommodate the Company’s growth. Additionally, the Company leased office and warehouse space in Sherwood Park, Alberta for the acquisitions that have taken place.

Insurance

Insurance expense increased to $105,225 from $55,536 when compared to the six months ending May 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.

Office Expenses

Office expenses increased by $137,836 from $80,428. 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 six months ending May 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 $79,114 during the six months ending June 30, 2016 over the six months ending May 31, 2015. The Company made significant investments in this area to automate processes in the Company’s various departments. This has already started to yield benefits of increasing efficiencies and reducing processing times for invoicing, collections, purchasing and operations. During the fourth quarter of 2015, the Company implemented a new ERP system in its main business unit and has implemented this system in all of its businesses at the end of the first half of 2016. These investments create a differentiator for the Company in its project management and operations groups, and are important to ensure that the Company can continue to scale its operations and integrate its acquisitions in a timely and efficient manner.

Travel Expenses

Travelling expenditure increased by $248,108 to $349,146 for the six months ending June 30, 2016 as compared to the six months ending May 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.

Other Expenses

Other expenses increased by $26,575 to $80,621 for the six months ending June 30, 2016 from $54,046 during the six months ending May 31, 2015. This was mainly due to training for staff.

Amortization of Property, Plant and Equipment

Amortization of property, plant and equipment for the six months ended June 30, 2016 increased by $661,632 as compared to the six months ending May 31, 2015. This was due to additional leased capital assets, in particular, the increased number of hydrovac units. The Company plans on adding to its fleet of equipment and vehicles as the Company continues to grow to meet customer demand. The company has at the end of the second quarter completed its planned capital asset program for 2016.

Interest on Capital Leases and Other Finance Costs

These expenses increased by $177,384 for the six months ended June 30, 2016 to $263,128. This increase was for interest paid on capital leases. This expense line item will continue to grow as the company continues to add new equipment.

Loan Interest

Loan interest increased to $1,370,793, or 439%, from $254,370 as compared to the six month period ending May 31, 2015. This increase was due mainly to interest costs associated with a new long-term loan agreement with Crown Capital as well as an increase in interest costs associated with the Company's line of credit.

Quarterly Results

	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	12,418,490	7,565,160
Net and comprehensive income/(loss)	10,744	(270,725)	933,009	527,587
Earnings per share – basic	0.000	(0.001)	0.004	0.003

	Three Months ended May 31, 2015	Three Months ended February 28, 2015	Three Months ended November 30, 2014	Three Months ended August 31, 2014
INCOME STATEMENT				
Revenues	8,507,528	6,164,553	7,412,125	6,667,846
Expenses(1)	7,523,230	5,574,447	6,153,742	5,763,865
Net and comprehensive income/(loss)	603,887	205,918	858,529	680,326
Earnings per share – basic	0.004	0.001	0.006	0.005

(1) Excludes interest expense and income taxes

RESULTS OF OPERATIONS

The Company reported net earnings for the quarter ending June 30, 2016 of $10,744 as compared to net income of $603,887 for the quarter ending May 31, 2015. The company also recorded a net loss of $259,981 for the six months period ending June 30, 2016 as compared to net income of $809,805 for the six month period ending May 31, 2015.

The decrease in net income for the quarter was a result of slower than expected business ramp up in Western Canada, along with a minor increase in direct costs and SG&A growth relative to revenue growth. The Company is investing in business development in this area and there are signs that this geographical segment should see an increased volume of projects in the second half of 2016. Historically, the Company's performance is better in the second half of the fiscal year.

Revenue for the quarter ending June 30, 2016 was $15,514,275 as compared to $8,507,528 for the second quarter of 2015. Organic growth accounted for the majority of this increase as the Company procured additional projects and continues to increase its book of business with its key customers in the telecommunications sector. The Company anticipates that this organic growth will continue for some time.

Expenses for the quarter ending June 30, 2016 were $14,637,517 as compared to $7,523,048 for the second 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 expense.

Liquidity and Capital Resources

As at June 30, 2016, the Company had cash and cash equivalents of $3,429,889 compared to $8,534,669 as at December 31, 2015. Work in progress was $17,318,249 at June 30, 2016 compared to $9,074,081 as at December 31, 2015, due mainly to increased volumes of work the Company carried out during the period. Total current assets amounted to $43,561,938 (December 31, 2015 – $35,908,724) with current liabilities of $19,300,891 (December 31, 2015 – $8,719,675) resulting in a working capital balance of $24,261,047 (December 31, 2015 – $ 27,189,049). The nature of the work being issued to the Company by its biggest customer has been changing during the first half ending June 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 WIP balances at the end of the period.

The Company has a revolving loan with a major bank for a maximum of $8,500,000. As at June 30, 2016, the balance of the loan was $6,695,000 (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, with an assignment of insurance and guarantee postponement of claim in the amount of $750,000 by each of the two non-independent directors of the Company.

Convertible Debentures

The Company had convertible debentures valued at $914,780 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 June 30, 2016, accrued interest was $NIL.

Long Term Debt

(a) 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 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.

The company was not in breach of its debt covenants at June 30, 2016.

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

BALANCE SHEET VARIATIONS

Current Assets

Current assets, which includes cash, trade receivables, work in progress, and prepaid expenses, increased by $7,653,214 for the six months ending June 30, 2016, as compared to the year ending December 31, 2015. The increase is due primarily to the increase in work in progress related to increased business activities in our main line of business, partially offset by reduced cash on hand needed to finance the working capital requirements and the acquisition of Mega Diesel.

Non-Current Assets

Non-current assets, which includes property and equipment, goodwill and assets under capital lease, increased by $5,313,539 since December 31, 2015. The increase is primarily due to additional leased equipment and vehicles and the recognition of goodwill on the acquisition of Mega Diesel Excavating Ltd. The Company will continue to make investments in equipment and vehicles as the business continues to grow. The capital plan for 2016 was fully committed as at June month end, and the Company does not anticipated additional capital investments during this fiscal year.

Current Liabilities

Current liabilities, which includes accounts payable and accrued liabilities, debentures and other debt and obligations under finance leases, income taxes payable and credit facilities, increased by $10,581,216 since December 31, 2015, due primarily to an increase in credit facilities and increases in accounts payable.

Non-Current Liabilities

Non-current liabilities include long term debentures and other debt, long-term debt and obligations under finance leases. Non-current liabilities increased by $2,484,182 from December 31, 2015. The increase is due primarily to capital leases acquired through the Mega Diesel acquisition and the promissory note for the Mega Diesel acquisition.

Off-Balance Sheet Arrangements

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

TRANSACTIONS WITH RELATED PARTIES

Due from Related Party

ABL provides engineering services to the Company. Transactions between the parties are incurred in the normal course of business. During the six months, the Company has recorded services on a pass through basis of $80,000 (2015 – $326,157). As at June 30, 2016, $1,726,932 (December 31, 2015 – $1,821,789) remains receivable. The shareholders of ABL have provided personal guarantees up to $2,000,000 and ABL will repay amounts outstanding within 24 months. 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 $205,631 (2015 – $225,631). The outstanding amounts will be repaid over the next twenty four months, is personally guaranteed by the shareholders and bears interest at the Bank of Canada's prime rate plus 1% per annum.

Compensation of Key Management Personnel

The Company pays its co-chief executive officers by way of a management services agreement(s) with companies controlled by these individuals. Payments totalling $365,000 was paid for the six months ending June 30, 2016 (May 31, 2015 – $323,625).

The Company pays its other key (5) management personnel by way of management services agreement(s) with companies controlled by these individuals. Payments totalling $497,182 was paid for the six months ending June 30, 2016 (3 FTE /May 31, 2015 – $272,527).

Critical Accounting Estimates

The Company's financial statements are impacted by the accounting policies used and the estimates and assumptions made by management during their preparation. The Company's accounting policies are described within the financial statements. The accounting estimates considered to be significant to the Company include the computation of agents' warrant values, charitable stock option and stock-based compensation expenses and the recovery of future income tax assets.

Changes in Accounting Policies

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

Financial Instruments and Other Instruments

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

Fair Values

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

Financial Risk Management Objectives and Policies

The financial risk arising from the operations of the Company and its subsidiaries (altogether, the "Group") are currency risk, credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company'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 Company's senior management oversees the management of these risks. The Board of Directors reviews and approves policies for managing each of these risks, which are summarized below.

Credit Risk

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

Liquidity Risk

The Company has liquidity risk associated with credit facilities of $7,140,801, (December 31, 2015 – $337,461), accounts payable and accrued liabilities of $9,009,331 (December 31, 2015 - $4,961,331) and current portion of obligations under finance leases of $2,396,452 (December 31, 2015 – $2,013,652). Liquidity risk is the risk that the Company cannot repay its obligations when they become due to its creditors. The Company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintaining an adequate line of credit to repay trade creditors and repaying long-term debt interest and principal as scheduled.

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

	1 year	2 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	9,009,331	-	-	9,009,331
Debentures and other debt	32,116	1,476,784	-	1,508,900
Long-term debt	-	20,000,000	-	20,000,000
Finance lease obligations	2,396,452	7,042,802	-	9,439,254

Fair Value Hierarchy

The following summarizes the methods and assumptions used in estimating the fair value of the Company'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 Company'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 capital stock, 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 150 common shares of DistinctTech along with all the shares of the numbered companies were returned to treasury for cancellation and 151,000,000 common shares were issued as replacement to the existing shareholders.

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

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

The total DIG common shares outstanding as at June 30, 2016 was 263,267,891 and fully diluted shares of 312,095,756.

OTHER MD&A REQUIREMENTS

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

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

SUBSEQUENT EVENTS

1. On July 6, 2016, 2,500,000 broker options were exercised at a price of $0.10 for total proceeds of $250,000. These options were issued as part of the company's private placement completed in 2015.