DISTINCT INFRASTRUCTURE GROUP INC.

ANNUAL INFORMATION FORM

For the Financial Year Ended December 31, 2016

April 27, 2017

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GENERAL MATTERS

Unless the context otherwise requires, all references to the "**Company**" or "**Distinct**" include Distinct Infrastructure Group Inc., its predecessors and subsidiaries and unless otherwise expressly indicated, all references to "$" or "dollars" are to Canadian dollars.

The industry and other statistical data presented in this annual information form (the "**Annual Information Form**" or "**AIF**"), except where otherwise noted, have been compiled from sources and participants which, although not independently verified by the Company, are considered by the Company to be reliable sources of information.

Distinct's website is located at www.diginc.ca. The contents of Distinct's website are expressly not incorporated by reference into this AIF.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information in this AIF may constitute "forward-looking information" as such term is used in applicable Canadian securities legislation. Forward-looking statements include information concerning possible or assumed future results of operations or financial position of Distinct, financial outlook, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "intends" or other similar expressions or future or conditional verbs such as "will", "should", "would" and "could".

In various places in this AIF, management's expectations regarding the future performance of Distinct are discussed. These "forward-looking" statements include statements pertaining to: Distinct's attempts to drive a higher margin mix of business by participating in more complex projects, achieving efficiencies and recovering margins in the Energy segment, Distinct's ability to execute our risk management strategy, our ability to maintain a number of open, recurring and repeat contracts, Distinct's ability to assign responsibility relating to known and unknown environmental risks; Distinct's strategy of differentiating Distinct's service offerings in key end markets, Distinct's undertaking of initiatives to train employees and Distinct's expectations regarding the seasonal nature of Distinct's business. These "forward-looking" statements are based on currently available competitive, financial and economic data and operating plans but are subject to risks and uncertainties. There are factors which could cause Distinct's operations, performance and results to vary from those expressed or inferred in this AIF, including without limitation, risks associated with an investment in Distinct's securities, risks related to Distinct's business including the ability to successfully manage contractual risk (see "General Development of the Business – Three-Year History" and "Risk Factors" in this AIF), credit, market, liquidity, competition from established competitors and new entrants in the construction industry and general business and economic conditions worldwide as well as in Canada and other countries where Distinct has operations. Additional discussion regarding risk factors is set out in greater detail under the heading "Risk Factors" in this AIF.

Readers are cautioned that the foregoing list of factors and those contained elsewhere in this AIF are not exhaustive. Although the Company believes that the expectations conveyed by forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. Such statements are included in this AIF solely to provide management's view of the Company's operations and their expectations regarding the Company's future plans and financial outlook, based on management's current expectations in these areas, and should not be relied upon for any other purpose. Investors and others should carefully consider the risk factors described in this AIF and not place undue reliance on forward-looking statements. The Company assumes no obligation to update forward-looking statements contained in this AIF, except as required by applicable law.

CORPORATE STRUCTURE

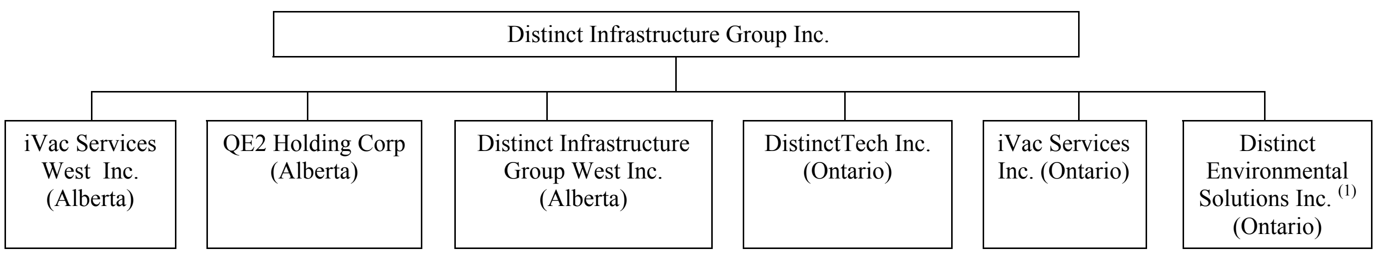
Name, Address and Incorporation

Distinct was incorporated on September 19, 2012 pursuant to the *Business Corporations Act* (Alberta) under the name “Crowsnest Oilfield Services Corp.”. On October 12, 2012, Distinct amended its articles to change its name to “Crowsnest Acquisition Corp.” and on October 25, 2012, Distinct amended its articles to remove restrictions on share transfers. On October 21, 2014, Distinct amended its articles to change its name to “QE2 Acquisition Corp.” and to change its registered office to 1600, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1. On August 13, 2015, the Company changed its name to “Distinct Infrastructure Group Inc.”

Distinct’s head and principal office is located at 77 Belfield Road, Suite 102, Toronto, Ontario M9W 1G6. The common shares of the Company (the “**Common Shares**”) are listed and posted for trading on the Toronto TSXV Venture Exchange (the “**TSXV**”) under the symbol “DUG”. As well, the Company’s Common Shares are listed for trading on the OTCQX Market (“OTCQX”) in the United States under the symbol "DSTFF".

Intercorporate Relationships

As of December 31, 2016, its most recent financial year end, Distinct conducted its business principally through the following subsidiary companies, all of which are wholly owned by Distinct:



(1) Inactive company

GENERAL DEVELOPMENT OF THE BUSINESS

Distinct is a utility and telecom infrastructure contractor with capabilities in design, engineering, construction, service and maintenance, and materials management. The Company’s goal is to be the premier infrastructure provider for Canadian utilities, municipal and provincial governments. Distinct’s clients currently consist of blue-chip telecommunications and utility infrastructure companies throughout Ontario and Alberta including Bell and Rogers.

Three-Year History

Significant business developments during the Company’s past three financial years are discussed below.

Initial Public Offering

Distinct was incorporated and listed on the TSXV as a "CPC" as such term is defined by the TSXV. Prior to completing its initial public offering and listing on the TSXV, Distinct issued an aggregate of 3,000,000 Distinct common shares at a price of $0.05 per share for gross proceeds of $150,000.

On December 4, 2012, Distinct completed its initial public offering of 3,000,000 common shares at a price of $0.10 per share for gross proceeds of $300,000 by way of a final CPC prospectus dated November 16, 2012 filed in the provinces of Alberta and British Columbia. The Company’s common shares began trading on the TSXV effective December 4, 2012 under the symbol "CAW.P".

Qualifying Transaction

Distinct initially entered into the letter of intent with QE2 Holding Corp. ("**QE2 Holdco**") on February 24, 2014. The Company's common shares were halted from trading on the TSXV on February 25, 2014, pending announcement of the proposed qualifying transaction. The Company's common shares remained halted until November 5, 2014 after issuance of the final bulletin by the TSXV in connection with the qualifying transaction. Following completion of the qualifying transaction, the Distinct's common shares traded under the symbol "QE".

Prior to the completion of the qualifying transaction, Distinct conducted no business operations except in connection with the identification and evaluation of potential acquisitions with a view to satisfying the conditions for a qualifying transaction, including the evaluation of the qualifying transaction.

On October 20, 2014, the Company and QE2 Holdco completed a business combination transaction whereby Distinct purchased all of the issued and outstanding common shares in the capital of QE2 Holdco and warrants to purchase QE2 Holdco common shares in exchange for 21,912,766 common shares at a deemed price of $0.15 per common share in the capital of the Company and 2,943,112 warrants to purchase common shares in the capital of the Company exercisable at a price of $0.50 per share, respectively on a one-for-one basis, which resulted in QE2 Holdco becoming a wholly-owned subsidiary of Distinct.

As a condition to closing the acquisition of QE2 Holdco, on October 7, 2014 QE2 Holdco completed a brokered private placement financing of 1,298 subscription receipts at $1,000 per subscription receipt and raised gross proceeds of $1,298,000. Upon completion of the QE2 Holdco acquisition, these subscription receipts were automatically converted into 1,298 convertible unsecured subordinated debentures of the Company, with principal convertible at $0.50 per common share.

QE2 Holdco was founded in January 2013 to acquire and grow well-managed, profitable, asset-backed, Alberta-based businesses in the infrastructure and utility service sectors. In May 2013, Distinct acquired Boom Ventures Inc. to act as a holding company.

In October 2013, QE2 Holdco completed its arm's length acquisition of all of the issued and outstanding shares of Pillar Contracting Inc., a Fort Saskatchewan based, owner-operated provider of streetlight services, painting, electrical and traffic control services to blue chip and municipal clients. The majority of the management and staff were retained, with the owner committing to a five year employment contract to continue to act as general manager and to join the QE2 Holdco management team.

In April 2014, QE2 Holdco, in an arm's length transaction, acquired certain assets of Candesto Enterprises Inc. ("Candesto"), a Calgary-based, owner-operated provider of road sign and guardrail products and services to blue chip and municipal clients. The assets were rolled into Candesto Ltd., whereby the business operations of Candesto were continued. The majority of the existing management and staff were retained, with the previous owner committing to a 5 year employment contract to continue acting as general manager of Candesto Ltd.

In May 2015, Distinct completed a non-brokered private placement of 5,225,000 Distinct units at a price of $0.10 per unit for gross proceeds of $522,500. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.20 at any time up to 36 months from date of issuance. The warrants will be subject to a forced conversion, at the option of Distinct, if the average trading price of the Distinct's common shares is above $0.30 cents per share for a period of 20 non-consecutive trading days.

In connection with the Distinct private placement, Distinct paid an aggregate of $24,300 in finder's fees and issued an aggregate of 243,000 non-transferrable Distinct finder warrants to HBS Financial Planning Ltd. (60,000 Distinct finder warrants), Leede Financial Markets Inc. (60,000 Distinct finder warrants), PI Financial Corp.

(12,000 Distinct finder warrants), Canaccord Genuity Corp. (51,000 Distinct finder warrants) and Intrynsyc Capital Corporation (60,000 Distinct finder warrants), all arm's length parties that acted as finders in connection with the Distinct private placement. Each Distinct finder warrant entitles the holder thereof to acquire one Distinct unit at a price of $0.10 for a period of three years from the date of issuance.

In June 2015, Distinct issued an aggregate of 1,365,333 Distinct common shares to several arm's length creditors in exchange for the cancelation of an aggregate of $136,533 in debt owed by Distinct to the creditors.

Acquisition of DistinctTech Inc.

In August, 2015, the Company completed its acquisition of all of the issued and outstanding securities of DistinctTech Inc. ("**DistinctTech**") which constituted a "Reverse Takeover" for the purposes of the TSXV Policies of the Company by the shareholders of DistinctTech.

The acquisition of DistinctTech was completed by way of a three corner amalgamation (the "**Amalgamation**") among the Company, its wholly-owned subsidiary ("**Subco**") and DistinctTech. The Amalgamation agreement was entered into among the Company, DistinctTech and Subco on June 29, 2015 (the "**Agreement**"). Upon the Amalgamation, which occurred on August 13, 2015, the Company acquired all of the securities of DistinctTech in exchange for the issuance of 217,218,927 Distinct common shares at a deemed value of $0.10 per common share and 27,782,823 common share purchase warrants in the capital of the Company for each DistinctTech common share and common share purchase warrant for aggregate consideration of $21,721,893.

Pursuant to the terms of the Agreement, the shareholders of DistinctTech received one common share and one common share purchase warrant in the capital of the Company in exchange for each DistinctTech share and DistinctTech common share purchase warrant issued and outstanding. In addition, an aggregate of $319,000, including an aggregate amount of $77,880 in accrued interest, of Company debentures were converted in exchange for the issuance of an aggregate of 2,645,333 Company Shares at a deemed price of $0.15 per share.

In connection with the acquisition of DistinctTech, an aggregate of 10,653,282 common shares in the capital of the Company were issued to Imaginis Business Development Inc., an arm's length party to both the Company and DistinctTech, as a finder's fee. These common shares were issued at a deemed price of $0.10 per share.

As part of the Amalgamation, DistinctTech completed a private placement in April and May, 2015 whereby an aggregate of 55,565,645 DistinctTech units were issued at a price of $0.10 per unit for aggregate gross proceeds of $5,556,564.50. Each DistinctTech unit was comprised of one DistinctTech common share and one-half (1/2) of one DistinctTech common share purchase warrant. Each whole DistinctTech warrant entitles the holder thereof to purchase one additional DistinctTech common share at an exercise price of $0.20 at any time up to 36 months from date of issuance. The DistinctTech warrants will be subject to a forced conversion, at the option of DistinctTech, if the average trading price of the DistinctTech Shares is above $0.30 cents per share for a period of 20 non-consecutive trading days. The DistinctTech common shares and warrants were exchanged for common shares and warrants in the capital of the Company.

In connection with the DistinctTech private placement, DistinctTech paid an aggregate of $333,394 in commissions and issued an aggregate of 4,317,251 non-transferrable DistinctTech private placement broker warrants to Mackie Research Capital Corp. Each DistinctTech private placement broker warrant entitles the holder thereof to acquire one DistinctTech unit at a price of $0.10 for a period of three years from the date of issuance.

Crown Loan

In November 2015, Distinct completed the closing of a $20 million acquisition line in the form of a term loan (the "**Loan Agreement**") with Crown Capital Partners Inc. ("**Crown**").

The Loan Agreement provides for a $20 million term loan to Distinct by Crown Capital Fund IV, LP ("**Crown IV LP**"), an investment fund managed by Crown and in which Crown holds a 50% interest. The term loan bears a fixed interest rate of 10% per annum, compounded and payable monthly, and matures in 60 months. Distinct has the right to prepay the loan after 18 months, subject to a prepayment fee. In addition, Distinct has granted 8,000,000 common shares at an issuance price of $0.085 per share to Crown IV LP.

In July 2016, Distinct and Crown amended certain terms of the $20 million acquisition line. Pursuant to an amending agreement dated June 30, 2016 (the "**Amending Agreement**") certain financial covenants were amended and the interest rate was adjusted such that it will range between 10% and 12%. In consideration for the amendments, the Company issued an aggregate of 2 million common shares at a price of $0.125 per share to Crown.

Sale of Candesto Enterprises Ltd.

In November, 2015, Distinct completed the sale of all of the assets of Candesto Enterprises Ltd, which was previously acquired through the reverse takeover of QE2 Acquisition Corp. on August 13, 2015. Pursuant to an asset sale agreement, the Company received aggregate consideration of $2,548,431.80.

Acquisition of Mega Diesel Excavating Ltd.

In March 2016, Distinct completed the acquisition of all of the issued and outstanding securities of Mega Diesel Excavating Ltd. ("**Mega**"). Pursuant to the terms of a share purchase agreement, the Company acquired all of the issued and outstanding securities of Mega 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.

Consolidation of Common Shares

In September 2016, Distinct completed the consolidation of its common shares on a 10 for 1 basis. The Company's common shares commenced trading on a consolidated basis through the facilities of the TSXV on September 6, 2016.

Short Form Prospectus Offering

In December 2016, Distinct completed a bought deal financing by way of short form prospectus. Pursuant to the offering, a total of 8,518,519 common shares were issued at a price of $1.35 per common share for gross proceeds of $11,500,000, which included the exercise in full of the over-allotment option granted to the underwriters. Directors and officers of Distinct collectively purchased 75,556 common shares in the Offering.

The syndicate of underwriters was co-led by AltaCorp Capital Inc. and Canaccord Genuity Corp., and included Cormark Securities Inc., Haywood Securities Inc. and Mackie Research Capital Corporation.

DESCRIPTION OF THE BUSINESS

Overview

Distinct, through its wholly owned subsidiaries DistinctTech Inc. and Distinct Infrastructure Group West Inc., is currently focused on servicing telecommunication companies, utilities and government entities in Ontario and Alberta. The services that Distinct provides can be divided into two (2) areas:

A. Outside and Inside Plant and Infrastructure Services

This primarily entails the following activities:

(i) Technical Services and Maintenance – Full survey and technical network design, build out and upgrading of communications cabling, segmentation & node splitting, fiber/copper/co-axial splicing and testing

(ii) Underground and Aerial Civil Construction - The construction and installation of underground and aerial infrastructure for telecommunication companies, utilities and government entities.

Underground construction includes directional drilling, traditional open trench installation, manhole rebuilds & new installation, vault, chamber & handwell installations, existing structure blockage repair and placing of cables.

Aerial construction includes pole installation & removals, new strand lashing & over-lash cables, anchors & down-guys, 3rd party pole changes & forced moves and cable removal/scrapping.

(iii) 3rd Party Material Management - This primarily consists of client management services in DistinctTech's secure warehouse and gated yard. The Company has over 100,000 Sq. Ft. of facilities in Toronto and Edmonton.

B. Hydro-Excavation Services :

A specialized service utilizing capital intensive equipment that can excavate in the vicinity of existing infrastructure with minimal potential for service interruption. It has quickly become the preferred method of excavating as it is more efficient and less intrusive. Hydro-excavation is a highly fragmented and underserviced market with potential for exponential growth through consolidation of smaller independent operations.

Over the past years, DistinctTech has been able to achieve consistent and solid growth with revenue increasing from $8.7 million in 2010 to $59.7 million in 2016 (an increase of over 580% since 2010) and EBITDA increasing from $900,000 in 2010 to $8.2 million (adjusted EBITDA) in 2016 (an increase of over 800% since 2010).

Hydrovac Unit

Inside Plant Fibre Splicing & Testing

Project Process

Distinct is engaged and/or solicits work either: i) through a fixed bid, which is based on a predetermined rate sheet established with a client through a Master Service Agreement ("**MSA**") that covers all identified services to be provided, or ii) through an open tender process whereby clients will solicit a request for bid to provide an estimate for a specifically defined Scope of Work ("**SOW**").

Distinct's clients generally will request an estimate for a specifically defined project. The work specifications as provided will then generate a quotation that is subject to the rates established with the clients. Once specific terms, conditions, services, quantities and rates have been finalized, a job approval or purchase order ("**P.O**.") is issued by the client to formally set out the scale, scope and budget for the job. The job is initiated once the P.O. has been received. The respective Project Manager will issue the technicians, equipment, request locates, coordinate municipal permits, onsite traffic services and make arrangements for external contractors if necessary, to fulfil the job requirements.

Once the formal project work has commenced as per the original P.O., Distinct is permitted to seek additional compensation from the client in the event that the SOW is altered in any way. This could be a result of a change in specifications required due to unforeseen circumstances (de-watering, unidentified utilities (locates), blockages, obstructions, access issues etc.). In either event the client is contacted immediately and the additional scope of work is identified, communicated and permission is granted by the client to continue with an increase in the value of the project. The client generates the approvals by either an onsite inspection or remotely via a pre-determined approval process. Once the client approves the changes then either the existing P.O. is altered to include the additional compensation or an entirely new P.O. is generated.

Once the project has been completed by Distinct, the client will frequently perform final inspections to ensure the stakeholder's requirements for SOW, quality and overall completion have been met. Inspections entail a representative of the client to conduct a project walk-through and review of as built documentation or project closeout submissions. Once confirmation of the project scope of work completion has been approved by the client, a final invoice for the confirmed P.O. amount is prepared. In most situations, interim invoicing is accepted at predetermined milestones for projects that have not been completed in full.

Competitive Strengths

The primary competitors to Distinct are Trinity Communication Services Ltd., Cable Control Systems, Aecon Group Inc. and Expercom. Trinity Communication Services offers turnkey solutions similar to Distinct but the company only acts as project manager as it has to subcontract all aspects of the work to third parties. Aecon Group Inc. is a large company with many divisions and as such the company only undertakes large construction and infrastructure projects. Cable Control Systems and Expercom are similar to Distinct but are either restricted geographically to the Greater Toronto Area or only performs services for one of the telecom companies.

Distinct's competitive strengths include:

- Diverse Customer Relationships **-** Distinct serves a diversified customer and industry base. Its customers include two of Canada's largest wireless communication providers. The Company has been able to establish longstanding relationships and strong alliances with its clients and it continues to strive to maintain these customer relationships and its status as a preferred service provider to its customers.

- Southern Ontario Footprint –Distinct has forged a strong presence in the GTA and surrounding areas as a company that delivers consistent, comprehensive infrastructure services to its customers. Distinct believes that its experience, technical expertise and size are important to its customers.

- Ability to Respond Quickly and Effectively – Distinct has been able to develop the necessary skills and expertise required by its customers to differentiate itself from the competitors. Extensively trained personnel are utilized across multiple projects. Distinct employees are experienced in different disciplines allowing them to respond quickly and effectively to industry demands and fluctuations. Employees, fleet and other assets are able to be reallocated and deployed to where they are needed, enabling it to provide cost effective and timely services to its customers.

- Reputation for Reliable Customer Service and Technical Expertise - Over the years, Distinct has established a reputation for quality customer service and technical expertise. Its reputation gives the company an advantage in competing for new work, both from existing as well as new potential customers.

- Experienced Management Team – Distinct's management team plays a significant role in establishing and maintaining long-term relationships with its customers, supporting the growth of its business, integrating acquired businesses and managing the financial aspects of its operations. Distinct's management team has well over 100+ years of industry experience and a thorough understanding of the company's customers and their requirements.

New competitors may emerge over time, however there are major barriers to entry into the telecom construction market. These barriers include large amount of capital to purchase equipment, sourcing and hiring skilled personnel, obtaining the approval of the telecom companies to provide services, sufficient working capital to support the ongoing business and establishing a track record of exceptional health & safety practices.

Strategy

The key elements of the Company's business strategy are as follows:

- Focus on Growth Opportunities - Distinct believes that its end markets offer compelling growth opportunities, and it expects increased spending by key customers in the industries that the company serves. The Company intends to use its technical expertise, financial and operational resources, customer relationships and full range of services to capitalize on these trends and grow its business.

- Operational Excellence – Distinct seeks to improve its business by focusing on profitable services and projects that have high margin potential, as well as by identifying opportunities for leverage within its business, such as deploying resources across multiple projects, while maintaining strong working capital management practices. Distinct enhances its operating effectiveness and utilization rates through its ability to use certain resources across multiple customers and projects. The Company continues to pursue actions and programs designed to improve operating efficiencies and working capital management, such as increasing accountability throughout its organization, managing customer contract bidding procedures more effectively and increasing individual project profitability, hiring additional experienced operating and financial professionals and expanding the use of its financial and other management information systems.

- Leverage Performance and Core Expertise Through Strategic Acquisitions and/or Alliances - Distinct may pursue selected acquisitions, investments and strategic alliances that will allow it to expand its operations into targeted geographic areas or continue to expand its service offerings in related fields. Distinct's strategy includes timely and efficient integration of acquisitions to best fit into its internal control environment and to maximize the potential of acquired businesses. Distinct may also divest certain businesses or assets due to performance or fit within its long-term business strategy.

Properties and Equipment

Leased Properties

Distinct currently leases its offices and yards at 77 Belfield Road in Toronto, Ontario, 87 Disco Road in Toronto, Ontario and 180 Strathmore Drive, Sherwood Park, Alberta. The current lease for the Belfield property expires on

May 31, 2025, the lease for the Disco property expires August 31, 2019 and the lease for the Strathmore property expires on December 31, 2020.

As of the date hereof, Distinct has a total of 385 employees.

Equipment

Distinct owns in excess of 400 various types of vehicles and construction equipment including specialized cable placing units, cube vans, pickup trucks, mini excavators, backhoes, directional drills and hydrovac trucks.

Market

Market Overview

Currently Distinct focuses the majority of its operations in providing Outside and Inside Network Plant Services to two of the nation's largest telecom companies. The vast majority of Distinct's operations are in the Southern Ontario Area. Distinct intends to expand its hydro-excavation operations and its client base to include other utilities throughout Ontario and into western Canada, in order to lessen its reliance on the telecom industry.

Infrastructure Investment for the Telecommunications/Communications Sector

Demand for faster and more robust fiber communications network services has increased significantly with the proliferation of high-speed internet connectivity, broadband, data transmission, video and music download services, high definition television and other advanced digital and video services. Data usage over wireless and fiber communications networks is rapidly increasing as more consumers surf the web, check email and watch video on mobile devices. Smartphones, laptops, tablets and other mobile devices have become increasingly important to consumers. In its 2014 Global Mobile Data Traffic Forecast Update, Cisco Systems, Inc. predicted that mobile data traffic will increase 11-fold by 2018. Cisco also predicted that 4G wireless service will be used for only 15 percent of connections, but will represent 51 percent of total traffic and that 4G connections will generate 6 times more traffic, on average, than non-4G connections and will grow 18-fold by 2018. Additionally, the report predicts that by 2018, mobile-connected tablets will generate double the traffic generated by the entire global mobile network in 2013.

Service providers continue to upgrade the capacity and performance of their fiber communications and wireless networks and are deploying competing networks using new technologies to serve this developing market and the ever-increasing need for more bandwidth and faster data delivery services. Additionally, declining equipment costs and expanded capabilities of wireline and wireless network equipment have incentivized investment. At the same time, major regional and rural telecommunication companies are upgrading their networks from copper line to fiber optic line in order to enhance their ability to provide customers with bundled services that include video, voice and data. Similar dynamics of providers seeking to improve their offerings are prevalent in the cable and satellite markets as well. According to the Canadian Wireless Telecommunications Association submission to the Standing Committee on Finance, pre-budget 2012 consultations, network operators will need to invest $100 billion in telecom infrastructure over the next ten years. This will be required in order to keep up with Canadians demand for broadband services with approximately $35 billion to be spent in Ontario specifically.

Hydrovac Industry

Hydrovac excavation is the use of a combination of high pressure water and vacuum pumping to excavate various types of soils. This truck-mounted system is commonly used to locate buried infrastructure, for trenching and to excavate holes for poles and piles. Hydro-excavation is the only non-destructive method of digging and to quickly and safely expose underground infrastructure.This method of excavation is used throughout the year because it virtually eliminates damage to underground utilities. Hydrovac excavation has found many uses in transportation, oil and gas, utilities, engineering as well as in the industrial sector. It is the preferred method of excavating around congested services.

During the hydrovac process, pressurized water is injected into the ground through a handheld wand. As the soil cover is liquefied, the resulting slurry is simultaneously extracted by a powerful vacuum and stored in a debris tank on-board the hydrovac.

Hydrovac trucks are typically used for "daylighting", the process of trenching and excavating rock and soil groundcover surrounding live utility lines and pipelines. Hydrovac trucks are used to reduce the possibility of damaging existing underground infrastructure in refineries, petro-chemical and other industrial plants and municipalities. The market for hydrovac services tends to be less seasonal.

Prior to the development of hydrovac technology, the only means of exposing underground pipelines, utility cables or lines was by hand digging or machine excavation. For small jobs, companies traditionally exposed underground lines by hand with picks and shovels. Excavation by hand is expensive, time consuming and labour intensive. For larger jobs, machines were used to excavate. Both methods pose a significant safety hazard in the event of an underground line rupture.

The hydrovac industry in North America continues to expand as companies acknowledge its safety and environmental benefits, concerning excavation near underground pipelines and utility lines. According to a National Bank analysts report more than $90 billion annual construction spending in Canada is tied to utility expansion, of which between $10 billion to $40 billion represents a direct opportunity for hydro excavating. Currently only an estimated $1 billion of revenue is realized. This translates into an extensive area of growth.

There are several barriers to entry to become a significant player in the hydrovac market, including:

- High capital cost of hydrovac units;
- Reputation and customer loyalty;
- Expertise and development costs; and
- Operational and safety procedures and experience.

Regulatory Environment

Various regulatory bodies in Canada and the United States acknowledge that excavation around underground lines pose an inherent danger to the operator, the public and the environment. Various departments of the federal, state and provincial governments regulate the excavation procedure to be used when digging near underground lines.

Specialized Skill and Knowledge

Distinct provides its employees with the detailed and in-depth training required to operate hydrovac trucks. In addition to classroom and on-the-job training, operators of the units require industry specific certification/tickets.

RISK FACTORS

The following risk factors, and the information incorporated by reference herein, should be considered carefully. These risk factors could materially and adversely affect the Company’s future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Distinct Operates in a Highly Competitive Industry

Distinct operates businesses in highly competitive product and geographic markets in Canada. Distinct competes with other major contractors, as well as many mid-size and smaller companies, across a range of industry segments. In addition, an increase in the number of international companies entering into the Canadian marketplace has also made the market more competitive. Each has its own advantages and disadvantages relative to Distinct. New contract awards and contract margin are dependent on the level of competition and the general state of the markets in which the Company operates. Fluctuations in demand in the telecom industry in which the Company operates may impact the degree of competition for work. Competitive position is based on a multitude of factors including pricing, ability to obtain adequate bonding, backlog, financial strength, appetite for risk, reputation for safety, quality, timeliness and experience. Distinct has little control over and cannot otherwise affect these competitive factors. If the Company is unable to effectively respond to these competitive factors, results of operations and financial condition will be adversely impacted. In addition, a prolonged economic slump or slower than anticipated recovery may affect one or more of Distinct's competitors or the markets in which it operates, resulting in increased competition in certain market segments, price or margin reductions or decreased demand for services, which may adversely affect results.

Labour Factors

A significant portion of Distinct's labour force is unionized and accordingly, Distinct is subject to the detrimental effects of a strike or other labour action, in addition to competitive cost factors.

The Company's future prospects depend to a significant extent on its ability to attract sufficient skilled workers. The construction industry is faced with an increasing shortage of skilled labourers in some areas and disciplines. The resulting competition for labour may limit the ability of the Company to take advantage of opportunities otherwise available or alternatively may impact the profitability of such endeavours on a going forward basis. The Company believes that its union status, size and industry reputation will help mitigate this risk but there can be no assurance that the Company will be successful in identifying, recruiting or retaining a sufficient number of skilled workers.

Customer Concentration Risk

Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable and work in progress balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At December 31, 2016, receivables from 2 customers (2015 – 3 customers) comprised approximately 83% (2015 – 95%) of the total outstanding receivables. One particular customer's account represents 61% (2015 – 47%) of the total outstanding receivables and work in progress at December 31, 2016. The Company reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances. During the year ended December 31, 2016, 85% of revenues were generated from 2 customers (3 customers in 2015 – 85%), each with greater than 10% of total revenues. During the year ended December 31, 2016 customers 1 and 2 represented 61% and 24% respectively. During the year ended December 31, 2015 customers 1, 2 and 3 represented 49%, 22% and 14% respectively.

Subcontractor Performance

The profitable completion of some contracts depends to a large degree on the satisfactory performance of the subcontractors as well as design and engineering consultants who complete different elements of the work. If these subcontractors do not perform to accepted standards, Distinct may be required to hire different subcontractors to complete the tasks, which may impact schedule, add costs to a contract, impact profitability on a specific job and, in certain circumstances, lead to significant losses. A major subcontractor default or failure to properly manage subcontractor performance could materially impact results.

Litigation Risk and Claims Risk

Disputes are common in the construction industry and as such, in the normal course of business, the Company is involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. In view of the quantum of the amounts claimed and the insurance coverage maintained by the Company in respect of these matters, management of the Company does not believe that any of the legal actions or proceedings that are presently known or anticipated by the Company are likely to have a material impact on the Company's financial position. However, there is no assurance that the Company's insurance arrangements will be sufficient to cover any particular claim or claims that may arise in the future. Furthermore, the Company is subject to the risk of claims and legal actions for various commercial and contractual matters, primarily arising from construction disputes, in respect of which insurance is not available. Although as of the date hereof, Distinct has not seen a material shift, there can be no guarantee that one of the by-products of weak economic conditions will not be a rise in litigation which, depending on the nature of the litigation, could impact Distinct's results.

Financing Risk

Distinct's business strategy involves the selective growth of its operations through internal growth and acquisitions. Distinct's operations require substantial working capital during their peak busy periods. Distinct relies on its cash position and the availability of credit and capital markets to meet these working capital demands. As its business grows, Distinct is continually seeking to enhance its access to funding in order to finance the higher working capital associated with this growth. However, given the expected demand for infrastructure services over the next several years and the size of many of these projects, Distinct may be constrained in its ability to capitalize on growth opportunities to the extent that financing is either insufficient or unavailable. Further, instability or disruption of capital markets, or a weakening of Distinct's cash position could restrict its access to, or increase the cost of obtaining financing. Distinct cannot guarantee that it will maintain an adequate cash flow to fund its operations and meet its liquidity needs. Additionally, if the terms of the credit facility are not met lenders may terminate Distinct's right to use its credit facility, or demand repayment of whole or part of all outstanding indebtedness, which could have a material adverse effect on Distinct's financial position.

Some of Distinct's clients also depend on the availability of credit to finance their projects. If clients cannot arrange financing, projects may be delayed or cancelled, which could have a material adverse effect on Distinct's growth and financial position. Diminution of a client's access to credit may also affect Distinct's ability to collect payments, negotiate change orders, and settle claims with clients which could have a material adverse effect on Distinct's financial position.

Insurance Risk

Distinct maintains insurance in order to both satisfy the requirements of its various contracts as well as a corporate risk management strategy. Insurance products from time to time experience market fluctuations that can impact pricing and availability. Therefore, senior management, through Distinct's insurance broker, monitors developments in the insurance markets to ensure that the Company's insurance needs are met. Insurance risk entails inherent unpredictability that can arise from assuming long-term policy liabilities or from uncertainty of future events. Although Distinct has been able to meet its insurance needs, there can be no assurances that Distinct will be able to secure all necessary or appropriate insurance on a going forward basis. Failure to do so could lead to uninsured losses or limit Distinct's ability to pursue some construction contracts, both of which could impact results.

Environmental and Safety Factors

Unfavorable weather conditions represent one of the most significant uncontrollable risks for Distinct to the extent that such risk is not mitigated through contractual terms. Construction projects are susceptible to delays as a result of extended periods of poor weather, which can have an adverse effect on profitability arising from either late completion penalties imposed by the contract or from the incremental costs arising from loss of productivity, compressed schedules, or from overtime work utilized to offset the time lost due to adverse weather.

Distinct is subject to, and complies with, federal, provincial and municipal environmental legislation in all of its construction operations. Distinct recognizes that it must conduct all of its business in such a manner as to both protect and preserve the environment in accordance with this legislation. At each place where work is performed, Distinct develops and implements a detailed quality control plan as the primary tool to demonstrate and maintain compliance with all environmental regulations and conditions of permits and approvals. Management is not aware of any pending environmental legislation that would be likely to have a material impact on any of its operations, capital expenditure requirements or competitive position, although there can be no guarantee that future legislation will not be proposed and, if implemented, might have an impact on the Company and its financial results.

Distinct is also subject to, and complies with, health and safety legislation in all of its operations in the jurisdictions in which it operates. The Company recognizes that it must conduct all of its business in such a manner as to ensure the protection of its workforce and the general public. Distinct has developed a comprehensive health and safety program. Nevertheless, given the nature of the industry, accidents will inevitably occur from time to time. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact, taken as a whole, on any of its operations, capital expenditure requirements or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents. Increasingly across the construction industry safety standards, records and culture are an integral component of winning new work. Should Distinct fail to maintain its safety standards, such failure may impact future job awards, or in a worst case scenario impact financial results.

Cyclical Nature of the Construction Industry

Fluctuating demand cycles are common in the construction industry and can have a significant impact on the degree of competition for available projects. As such, fluctuations in the demand for construction services could adversely affect Distinct’s results.

Given the cyclical nature of the construction industry, the financial results of Distinct, similar to others in the industry, may be impacted in any given period by a wide variety of factors beyond its control (as outlined herein) and, as a result, there may be from time to time, significant and unpredictable variations in Distinct’s quarterly and annual financial results.

Failure of Clients to Obtain Required Permits

The development of construction projects requires Distinct’s clients to obtain regulatory and other permits from various governmental licensing bodies. Distinct’s clients may not be able to obtain all necessary permits required for the development of their projects, in a timely manner or at all. These delays are generally outside the Company’s control. The major costs associated with these delays are personnel and associated overhead that is designated for the project which cannot be reallocated effectively to other work. If the client’s project is unable to proceed, it may adversely impact the demand for the Company’s services.

Internal and Disclosure Controls

Inadequate disclosure controls or ineffective internal controls over financial reporting could result in an increased risk of material misstatements in the financial reporting and public disclosure record of Distinct. Inadequate controls could also result in system downtime, give rise to litigation or regulatory investigation, fraud or the inability of Distinct to continue its business as presently constituted. Distinct has designed and implemented a system of internal controls and a variety of policies and procedures to provide reasonable assurance that material misstatements in the financial reporting and public disclosures are prevented and detected on a timely basis and other business risks are mitigated. In accordance with the guidelines adopted in Canada, Distinct assesses the effectiveness of its internal and disclosure controls using a top-down, risk-based approach in which both qualitative and quantitative measures are considered. An internal control system, no matter how well conceived and operated, can provide only reasonable – not absolute – assurance to management and the board of directors regarding achievement of intended results. Distinct's current system of internal and disclosure controls places reliance on key personnel across the Company to perform a variety of control functions including key reviews, analysis, reconciliations and monitoring. The failure of individuals to perform such functions or properly implement the controls as designed could adversely impact results.

Interruption, Failure or Breach of Information Systems

Distinct relies extensively on information systems, data and communication networks to effectively manage its operations. Complete, accurate, available and secure information is vital to the Company's operations and any compromise in such information could result in improper decision making, inaccurate or delayed operational and/or financial reporting, delayed resolution to problems, breach of privacy and/or unintended disclosure of confidential materials. Failure in the completeness, accuracy, availability or security of Distinct's information systems, the risk of system interruption or failure during system upgrades or implementation, or a breach of data security could adversely affect the Company's operations and financial results. Similarly, computer viruses, cyber-attacks, security breaches, unforeseen natural disasters and related events or disruptions could result in information systems failures that may adversely affect Distinct's operations and financial results. The sophistication of cyber threats and the associated financial, reputational and business interruption risks have also increased with advancement and integration of technology.

Integration and Acquisition Risk

The integration of any acquisition raises a variety of issues including, without limitation, identification and execution of synergies, elimination of cost duplication, systems integration (including accounting and information technology), execution of the pre-deal business strategy in an uncertain economic market, development of common corporate culture and values, integration and retention of key staff, retention of current clients as well as a variety of issues that may be specific to Distinct and the industry in which it operates. There can be no assurance that Distinct will maximize or realize the full potential of any of its acquisitions. A failure to successfully integrate acquisitions and execute a combined business plan could materially impact the future financial results of Distinct. A failure to expand the existing client base and achieve sufficient utilization of the assets acquired could also materially impact the future financial results of Distinct.

Loss of Key Management and Inability to Attract and Retain Key Staff

The Company's future prospects depend to a significant extent on the continued service of its key executives and staff. Furthermore, the Company's continued growth and future success depends on its ability to identify, recruit, assimilate and retain key management, technical, project and business development personnel. The competition for such employees, particularly during periods of high demand in certain sectors, is intense and there can be no assurance that the Company will be successful in identifying, recruiting or retaining such personnel.

Reputation in the Construction Industry

Reputation and goodwill play an important role in the long-term success of any company in the construction industry. Negative opinion may impact long-term results and can arise from a number of factors including competence, losses on specific projects, questions concerning business ethics and integrity, corporate governance, the accuracy and quality of financial reporting and public disclosure as well as the quality and timing of the delivery of key products and services. Distinct has implemented various procedures and policies to help mitigate this risk including the adoption of a comprehensive Code of Conduct which all employees are expected to review and abide by. Nevertheless, the adoption of corporate policies and training of employees cannot guarantee that a future breach or breaches of the Code of Conduct or other corporate policies will not occur which may or may not impact the financial results of the Company.

Impact of Extreme Weather Conditions and Natural Disasters

The majority of Distinct's operations are performed outdoors. Extreme weather conditions or natural or other disasters, such as earthquakes, fires, floods, epidemics or pandemics and similar events, may cause delays in the progress of Distinct's projects, which to the extent that such risk is not mitigated through contractual terms, may result in loss of revenues that otherwise would be recognized while certain costs continue to be incurred. Delays in the completion of Distinct's services may also lead to incurring additional non-compensable costs, including overtime work, that are necessary to meet clients' schedules. Delays in the commencement or completion of a project may also result in penalties or sanctions under contracts or even the cancellation of contracts.

Impairment in the Value of Distinct's Assets

New events or circumstances may lead Distinct to reassess the value of goodwill, property and equipment, and other non-financial assets, and record a significant impairment loss, which could have a material adverse effect on its financial position. Distinct's financial assets, other than those accounted for at fair value, are assessed for indicators of impairment quarterly. Financial assets are considered impaired when there is objective evidence that estimated future cash flows of the investment have been affected by one or more events that occurred after the initial recognition of the financial asset. In such a case, Distinct may be required to reduce carrying values to their estimated fair value. Distinct's estimates of future cash flows are inherently subjective which could have a significant impact on the analysis. Further, there could be a material adverse effect on Distinct's financial position from any future write-offs or write-downs of Distinct's assets or in the carrying value of its investments.

Outsourced Software

Distinct relies on third party providers of software and infrastructure to run critical accounting, project management and financial systems. Discontinuation of development or maintenance of third party software and infrastructure could cause a disruption in Distinct's systems.

DIVIDENDS AND DISTRIBUTIONS

Distinct has not declared or paid any dividends or distributions on its common shares to date. The payments of dividends or distributions in the future are dependent on Distinct's earnings, financial condition and such other factors as its Board of Directors considers appropriate. Distinct currently does not anticipate paying any dividends in the foreseeable future due to its stage of development.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The authorized capital of the Company consists of an unlimited number of common shares. As of December 31, 2016, there were 35,295,305 outstanding common shares, options to acquire an aggregate of 1,135,000 common shares and warrants to acquire an aggregate of 3,382,707 common shares. For additional details, please see Notes 15 and 16 "Share Capital" and "Share-based compensation and common share purchase warrants", respectively, to the 2016 Consolidated Financial Statements filed under the Company's SEDAR profile at www.sedar.com.

Holders of common shares are entitled to receive notice of all meetings of shareholders of the Company, to attend such meetings and to cast one vote per share at all such meetings. Holders of common shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of the majority of the common shares entitled to vote in any election of directors may elect all directors standing for election. Shareholders vote for directors on an individual basis.

Holders of Common Shares are entitled to receive ratably dividends, if any, as and when declared by the Board of Directors at its discretion from funds legally available therefore and upon the liquidation, dissolution or winding-up of the Company are entitled to receive ratably the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or ratably with the holders of the common shares with respect to dividends or liquidation. The common shares do not by their terms carry any pre-emptive, subscription, redemption, retraction or conversion rights.

Debentures

The Company assumed unsecured convertible debentures (the "**Debentures**") with a principal balance of $1,298,000 on the acquisition of QE2 Holdco. Semi-annual interest payments on June 30 and December 31 are calculated at 8% per annum. On the closing of the acquisition of DistinctTech, an aggregate of $319,000 in debentures were converted into common shares in the capital of the Company. As of December 31, 2016 the Debentures have a principal balance of $979,000.

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

MARKET FOR SECURITIES

Trading Price and Volume

The common shares are listed and posted for trading on the TSXV under the trading symbol "DUG". The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the common shares on the TSXV for the fiscal year ended December 31, 2016.

Month	High ($)	Low ($)	Volume
January	0.10	0.08	1,559,600
February	0.11	0.08	8,231,199
March	0.11	0.145	8,645,884
April	0.125	0.145	8,325,520
May	0.115	0.14	12,511,122
June	0.115	0.14	5,221,156

July	0.11	0.13	8,300,598
August	0.11	0.13	9,088,375
September [1]	0.91	1.16	2,128,510
October	1.09	1.23	801,441
November	1.18	1.50	2,441,740
December	1.36	1.48	881,619

Note:

1. On September 6, 2016, the Company completed the consolidation of its common shares on a 10 for 1 basis. The common shares commenced trading on a consolidated basis through the facilities of the TSX Venture Exchange on September 6, 2016.

Prior Sales

In the twelve month period preceding December 31, 2016, the following common shares in the capital of the Company have been issued:

Date	Number of Common Shares [1]	Issue Price Per Issuer Common Share [1]	Aggregate Issue Price	Consideration Received
July 6, 2016	200,000 [2]	$1.25	$250,000	Cancelation of Debt
July 20, 2016	250,000 [3]	$1.00	$250,00	Cash
December 9, 2016	8,518,519 [4]	$1.35	$11,500,000	Cash

Notes:

(1) These figures have been amended to reflect the consolidation of the common shares on a 10 for 1 basis
(2) These shares were issued pursuant to the amending agreement dated June 30, 2016 whereby the $20 million acquisition line of credit was amended.
(3) These shares were issued pursuant to the exercise of broker warrants.
(4) These shares were issued pursuant to the brokered short form prospectus offering.

The Company did not issue any securities in the financial year ended December 31, 2016 that were not listed on the TSXV.

DIRECTORS AND OFFICERS

Directors

The following table lists the names, municipalities of residence and principal occupations of the directors and officers of the Company. Each director will hold office until the next annual meeting of shareholders or until a successor is elected or appointed.

Name and Province or State and Country of Residence	Director Since	Office Held and Principal Occupation
Alex Agius Mississauga, Ontario	August 12, 2015	Director and Co-Chief Executive Officer of Distinct
Joe Lanni Etobicoke, Ontario	August 12, 2015	Director and Co-Chief Executive Officer of Distinct

Michael Newman Toronto, Ontario	August 12, 2015	Director and Managing Partner of Boardwalk Capital Inc. and Adevam Investments Inc.
Garry Wetsch Edmonton, Alberta	August 12, 2015	Director and General Counsel, Landrex Inc.
Dave O'Brien Mississauga, Ontario	August 12, 2015	Director and currently retired.

Committees of the Board

The members of the Audit Committee as of December 31, 2016 were Michael Newman (Chair), Garry Wetsch and David O'Brien.

The members of the Corporate Governance, Nominating and Compensation Committee as of December 31, 2016 were Garry Wetsch (Chair), David O'Brien and Michael Newman.

Biographies of Directors

Alexander Agius - Mr. Agius, is a seasoned infrastructure executive with over 25 years of industry experience. He began his career as a field tech fresh out of school. He rose to the level of VP Construction at Sentrex Communications, where from 1988 to 2006 he oversaw Canadian operations and was involved in identifying and assessing US acquisitions. After leaving Sentrex he was responsible for creating, since 2006 to 2009, the telecom infrastructure group of Wesbell Group of Companies Inc. In 2009, Mr. Agius joined DistinctTech as co-Chief Executive Officer.

Joe Lanni - Mr. Lanni is an entrepreneur, having started his first business in his late teens and having founded and sold several businesses over the years. He has over twenty years of industry experience in general construction and utilities, and has served in several operational roles over the years. From 2006 until 2007, he was responsible for setting up Westbell's western Canadian operations, growing it to over 60 technicians in less than eighteen months. In 2007, Mr. Lanni was one of the original founders of DistinctTech and has helped guide it to its current level of success.

Michael Newman – Mr. Newman is the founder, and from 1997 to 2009 was the President & CEO of InterRent Real Estate Investment Trust (IIP.UN-TSX). Prior to founding InterRent, Mr. Newman was for twenty five years an executive in the cable television and telecommunications industries in North America, having co-founded in 1972, CableTel Communications of Markham, Ontario, and served in a worldwide M&A capacity with Zenith Electronics of Chicago, Illinois from 1992 to 1997. He is the Managing Director of two family owned merchant banks, Boardwalk Capital Inc., and Adevam Investments Inc., and currently serves as the Chairman of the Board of Augustine Ventures Inc. (WAW-CNSX), and on the Boards of Directors of Quinsam Capital Inc., (QCA-CNSX), Leo Capital Corp. (LEQ.P-NEX), as well as being on the Advisory Boards of The Succession Fund, a private equity fund and AgriFood Capital Inc., a private equity advisor for food and agriculture in Canada. Mr. Newman is also a member of the Independent Review Committees (IRC) of Artemis US Capital Appreciation a TSXV listed Mutual Fund (AUF.UN-TSX), Citadel Income Fund (CTF.UN-TSX) and Energy Income Fund (ENI.UN-TSX). He is a partner in, and the CEO of KE Real Estate Holdings Inc., and 201004 Collier Holdings Inc., two private real estate companies. Over the past twenty years Mr. Newman has served on the Boards of Directors of numerous Toronto Stock Exchange and TSXV listed companies, often chairing a number of Board Committees.

Garry Wetsch - Mr. Wetsch is a lawyer admitted to the Bar in Alberta in 1972. Mr. Wetsch is a founder and shareholder of a number of businesses in western Canada. He serves on a number of private company and volunteer boards. Mr. Wetsch, in his practice of law, advised corporations in a broad area that included commercial transactions, employment law, strategic planning, international transactions and finance. He has been involved in all industrial segments and is a strong supporter of innovation and science in Alberta. Mr. Wetsch is the recipient of the Queen's Golden Jubilee Commemorative Medal for his economic development accomplishments. He is currently Corporate Counsel with Landrex Inc. and its affiliates.

David O'Brien - Mr. O'Brien is retired as President and Chief Executive Officer, Toronto Hydro Corporation where he served between 2004 and 2009. Prior to joining Toronto Hydro Corporation, Mr. O'Brien was on a six-month secondment with Ontario's Ministry of Energy from the City of Mississauga, where he initially joined as Associate Deputy Minister of Energy and was subsequently appointed Deputy Minister. Mr. O'Brien began his career 40 years ago in the City of Sudbury where he rose to the position of City Manager. Since then he has held the position of City Manager for the Region of Ottawa Carleton, the City of Gloucester, the City of Ottawa, and most recently, the City of Mississauga where he was City Manager between 1995 and 2004. Mr. O'Brien worked with KPMG from 2012 – 2014 as the Global Head of the Cities Centre of Excellence. Mr. O'Brien has also served as President and Chief Executive Officer of Enersource Corporation, the parent company of Hydro Mississauga. After stepping down as Chief Executive Officer, he was appointed to the Board of Directors of Enersource Corporation and Chair of the Development Committee.

Executive Officers

The names, municipalities of residence and titles of the Executive Officers of Distinct as of December 31, 2016 were:

Name and Municipality of Residence	**Office**
Alex Agius [(1)] Mississauga, Ontario	Co-Chief Executive Officer
Joe Lanni [(1)] Etobicoke, Ontario	Co-Chief Executive Officer
Manny Bettencourt Toronto, Ontario	Chief Financial Officer and Corporate Secretary
Michael Mifsud Toronto, Ontario	Vice President, Operations
Jay Vieira Richmond Hill, Ontario	Vice President, Corporate and Legal Affairs

Notes:

(1) For Mr. Agius' and Mr. Lanni's biographies, please see "Biographies of Directors" under "Directors and Officers" in this AIF.

Biographies of Executive Officers

Manny Bettencourt - Mr. Bettencourt has served as Chief Financial Officer since August, 2015. Mr. Bettencourt began his career at KPMG and is a graduate of the University of Toronto. Prior to becoming CFO for DistinctTech in 2014, Mr. Bettencourt was the CFO for First Global Data Ltd., a mobile, payments and remittance company, and had previously served as the COO and CTO of First Global Data Corp., the predecessor company. Mr. Bettencourt is a Chartered Accountant and has previously served as CFO and as a Senior Executive for a number of Canadian and US companies in the information, technology and telecommunications space. He served as CFO for Navaho Networks, an online payments company, was CFO at AT&T Solutions Canada, and was the Sr. Financial Officer of several other companies. Mr. Bettencourt has served as a director and audit committee member of public companies in the past. In addition, he has served as Chairman and Director for several not for profit organizations.

Michael Mifsud – Mr. Mifsud has served as Vice President, Operations since August 2015. Mr. Mifsud is a 35-year veteran of telecommunications operations, with experience in front-line and executive roles in every aspect of the business. Mr. Mifsud manages the engineering and construction divisions, working closely with clients such as Rogers, Cogeco, and Bell. Mr. Mifsud was Vice President, Operations for Expertech from 2008 to 2011 where he led a team of 140 managers, 33 associates, and 649 technicians. As General Manager of Network Operations Engineering from 2004-2008, he was responsible for the network design, drawing, and build-out of Bell's Fibre and copper networks in Ontario, working with Bell planners, engineers and city officials and managing an engineering team of 150 managers and 400 associates.

Jay Vieira – Mr. Vieira has served as Vice President, Corporate and Legal Affairs and Corporate Secretary since January 2016. Mr. Vieira has been a corporate and securities lawyer since 1999 and has acted for domestic and international corporations and investment dealers, in a broad range of transactions, including public offerings, private placements and acquisitions.

Security Holdings of Directors and Executive Officers

To the knowledge of the Company, the directors and executive officers of the Company listed in this AIF beneficially own, directly or indirectly, or exercise control or direction over as of December 31, 2016, an aggregate of approximately 13,771,794 common shares, representing approximately 39% of the issued and outstanding common shares.

Conflicts of Interest

1. ABL Professional Management Services Inc. ("ABL"), a company owned and/or controlled by two of the Company's directors and executive officers, provides engineering services to the Company. Transactions between the parties are incurred in the normal course of business. For the year ended December 31, 2016, the Company has recorded services on a pass through basis of $355,819. As at December 31, 2016, $1,465,970 remains receivable. The shareholders of ABL have provided personal guarantees up to $2,000,000 and ABL will repay amounts outstanding within 24 months, starting in June 2016.

2. Receivables outstanding from two majority shareholders and co-chief executive officers of the Company amounts to $149,631. The outstanding amounts will be repaid over the next twenty four months, is personally guaranteed by the shareholders and does not bear interest. The amounts will bear interest at a rate of prime plus 1% per annum commencing June 1, 2016.

3. The Company pays its co-chief executive officers by way of a management services agreement(s) with companies controlled by these individuals. Payments totaling $741,850 was paid for the period ending December 31, 2016. The Company pays its other key management personnel by way of management services agreement(s) with companies controlled by these individuals. Payments totaling $946,316 was paid for the period ending December 31, 2016.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as disclosed below, to its knowledge, Distinct is not currently a party to any regulatory investigation or proceeding or subject to any potential penalty, individually or in the aggregate, which is likely to have a material adverse effect on the business, operations or financial condition of Distinct as a whole.

- In July 2015, litigation was commenced against DistinctTech. The litigation was commenced by a third party claiming damages in the amount of $450,000 for breach of contract. The Company is of the opinion that the litigation is frivolous and completely without merit.

- In 2016, two former employees of Distinct Infrastructure Group West commenced litigation against the Company for wrongful dismissal. The employees are claiming damages in the aggregate amount of $417,712. The Company is of the opinion that the litigation is frivolous and completely without merit.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this AIF, no director or executive officer of the Company and, to the knowledge of the directors and executive officers of the Company, none of their respective associates or affiliates, nor any person who beneficially owns or exercises control or direction, directly or indirectly, over more than 10% of the Company's outstanding common shares, nor their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction within the Company's three most recently completed financial years or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries on a consolidated basis.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada of Calgary, Alberta is the Transfer Agent and Registrar for the common shares.

MATERIAL CONTRACTS

The Company has no material contracts, other than contracts entered into in the ordinary course of business, that were entered into during the financial year ended December 31, 2016, or that were entered into before the financial year ended December 31, 2016 that are still in effect, other than:

(i) Crown Capital $20 Million Credit Agreement
(ii) Bell Canada Master Services Agreement
(iii) Rogers Communications Master Services Agreement
(iv) Royal Bank of Canada Credit Facility Agreement
(v) Lease Agreement for 77 Belfield Rd.

INTERESTS OF EXPERTS

The Company's auditor is MNP LLP ("MNP").

MNP has prepared an independent auditor's report dated April 27, 2017 in respect of the Company's consolidated financial statements with accompanying notes as at December 31, 2016 and December 31, 2015 and for the years ended December 31, 2016 and December 31, 2015. MNP has advised that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

AUDIT COMMITTEE

Audit Committee Charter

The text of the Audit Committee's Charter in effect as of the date hereof is attached hereto as Appendix "A".

Composition of the Audit Committee

The current members of the Audit Committee are Michael Newman (Chair), Garry Wetsch and David O'Brien. All members of the Audit Committee for the year ended December 31, 2016 were independent and financially literate.

Relevant Education and Experience

Please see "Directors and Officers - Biographies of Directors" in this AIF for a description of the relevant education and experience of the members of the Audit Committee.

External Auditor Service Fees

The following table sets forth the fees paid to MNP, the external auditor of the Company, for services rendered for financial years ended December 31, 2016 and January 31, 2015:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2016	$71,000	Nil	$7,500	$29,000
December 31, 2015	$105,760	Nil	Nil	$30,000

Audit Fees - Audit fees were paid for professional services rendered by the auditor for the audit of the annual financial statements of the Company and its wholly owned subsidiaries and services provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees - Audit-related fees include fees paid to the Company's auditor for attestation services, quarterly review, services provided in connection with the Company's offering of convertible unsecured subordinated debentures and other accounting and reporting consultations. In addition, audit-related fees include the cost of translation of various continuous disclosure documents of the Company.

Tax Fees - Tax fees were paid in connection with the advice on tax compliance related matters.

Other Fees - Other fees were paid in connection with consultations in respect of the Company's project controls. Management and the Audit Committee concluded that the service provided by MNP were not restricted services, and implemented monitoring safeguards to ensure independence was maintained.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Distinct's securities, securities authorized for issuance under equity compensation plans and the Company's corporate governance practices are contained in the Company's Management Information Circular dated July 26, 2016 for the most recent annual meeting of shareholders held on August 26, 2016.

Additional financial information is provided in the Company's audited Consolidated Financial Statements for the year ended December 31, 2016 and in the Company's related Management's Discussion and Analysis, both filed on SEDAR on April 25, 2016. A copy of the foregoing documents may be obtained by shareholders upon request from the Corporate Secretary of the Company. These documents, as well as additional information relating to Distinct, are available on SEDAR at www.sedar.com.

APPENDIX A
AUDIT COMMITTEE CHARTER

A. Purpose

The purpose of the Audit Committee of the Board of Directors (the "**Board**") of Distinct Infrastructure Group Inc. (the "**Company**") is to assist the Board's oversight of the Company's accounting and financial reporting processes, the audit and integrity of the Company's financial statements and the qualifications and independence of the Company's independent auditor.

B. Structure and Membership

1. Number. Except as otherwise permitted by the applicable TSX Venture Exchange marketplace rules (the "**TSXV Rules**"), the Audit Committee shall consist of at least three members of the Board.

2. Independence. Except as otherwise permitted by the applicable TSXV Rules, the majority of the members of the Audit Committee shall be an "independent director" as defined by the applicable TSXV rules, meet the criteria for independence set forth in the applicable rules and regulations of the *Securities Act* (Alberta) as amended (the "**Exchange Act**") (subject to available exemptions), and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.

3. Financial Literacy. Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Audit Committee.

4. Chair. Unless the Board elects a Chair of the Audit Committee, the Audit Committee shall elect a Chair by majority vote.

5. Compensation. The compensation of Audit Committee members shall be as determined by the Compensation and Corporate Governance Committee. No member of the Audit Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than fees paid in his or her capacity as a member of the Board or of a committee of the Board.

6. Selection and Removal. Members of the Audit Committee shall be appointed by the Board, upon the recommendation of the Compensation and Corporate Governance Committee. The Board may remove members of the Audit Committee from such committee, with or without cause.

C. Authority and Responsibilities

General

The Audit Committee's responsibility is one of oversight. The majority of the members of the Audit Committee are not employees of the Company and they do not perform, or represent that they perform, the functions of management or the Company's registered public accounting firm (the "**Independent Auditor**"). The Audit Committee relies on the expertise and knowledge of management and the Independent Auditor in carrying out its oversight responsibilities, and shall assess the information management and the Independent Auditor provide in accordance with its business judgment. The management of the Company is responsible for preparing accurate and complete financial statements in accordance with generally accepted accounting principles and for establishing and maintaining appropriate accounting principles and financial reporting policies and satisfactory internal control over financial reporting. The Independent Auditor is responsible for auditing the Company's annual consolidated financial statements and the effectiveness of the Company's internal control over financial reporting and reviewing the Company's quarterly financial statements. It is not the responsibility of the Audit

Committee to prepare or certify the Company's financial statements or guarantee the audits or reports of the Independent Auditor, nor is it the duty of the Audit Committee to certify that the Independent Auditor is "independent" under applicable rules. These are the fundamental responsibilities of management and the Independent Auditor.

Oversight of Independent Auditor

1. Selection. The Audit Committee shall be solely and directly responsible for appointing, evaluating, retaining and, when necessary, terminating the engagement of the Independent Auditor. The Audit Committee may, in its discretion or as required applicable corporate or securities laws, seek shareholder ratification of the independent auditor it appoints.

2. Independence. The Audit Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the Independent Auditor. In connection with this responsibility, the Audit Committee shall review and discuss with the Independent Auditor the written independence disclosures required by the applicable rules and regulations. The Audit Committee shall actively engage in dialogue with the Independent Auditor concerning any disclosed relationships or services (including permissible non-audit services) that might impact the objectivity and independence of the auditor. Additionally, the Audit Committee shall oversee the rotation of the Independent Auditor's lead audit and concurring partners and the rotation of other audit partners, with applicable time-out periods, in accordance with applicable law.

3. Compensation. The Audit Committee shall have sole and direct responsibility for reviewing and approving, in advance, the scope and plans for the Independent Auditor's audit and non-audit activities and all associated fees. The Audit Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of the independent auditor established by the Audit Committee.

4. Preapproval of Services. The Audit Committee shall preapprove all audit services to be provided to the Company, whether provided by the principal auditor or other firms, and all other services (review, attest and non-audit) to be provided to the Company by the Independent Auditor.

5. Oversight. The Independent Auditor shall report directly to the Audit Committee, and the Audit Committee shall have sole and direct responsibility for overseeing the work of the Independent Auditor, including resolution of disagreements between Company management and the Independent Auditor regarding financial reporting. In connection with its oversight role, the Audit Committee shall, from time to time as appropriate, receive and consider the reports required to be made by the independent auditor regarding:

    - critical accounting policies and practices;
    - alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with Company management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
    - other material written communications between the independent auditor and Company management.

Audited Financial Statements

6. Review and Discussion. The Audit Committee shall review and discuss with the Company's management and Independent Auditor the Company's audited financial statements, including any matters required to be discussed by applicable accounting and securities rules and regulations.

7. Recommendation to Board Regarding Financial Statements. The Audit Committee shall consider whether it will recommend to the Board that the Company's audited financial statements be included in the Company's annual filings.

Review of Other Financial Disclosures

8. Review of Interim Financial Statements. The Audit Committee shall review all interim financial information prior to disclosure by the Company of such information and to discuss promptly with the Chief Financial Officer any matters identified in connection with their review of interim financial information which are required to be discussed by applicable auditing standards.

Controls and Procedures

9. Internal Controls. The Audit Committee shall review and discuss with management and the Independent Auditor the adequacy and effectiveness of the Company's internal controls, including any changes, significant deficiencies or material weaknesses in those controls reported by the Independent Auditor or management, any special audit steps adopted in light of significant control deficiencies, and any fraud, whether or not material, that involves management or other Company employees who have a significant role in the Company's internal controls.

10. Disclosure Controls and Procedures. The Audit Committee shall review and discuss with the Company's management the adequacy and effectiveness of the Company's disclosure control and procedures.

11. Legal and Regulatory Compliance. The Audit Committee shall review and discuss with management and the Independent Auditor (i) the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs, and (ii) reports regarding compliance with applicable laws, regulations and internal compliance programs.

12. Risk Management. The Audit Committee shall discuss the Company's policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which the Company's exposure to risk is handled.

13. Procedures for Complaints. The Audit Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

14. Oversight of Related Person Transactions. The Audit Committee shall review the Company's policies and procedures for reviewing and approving or ratifying "related person transactions" (defined as transactions required to be disclosed pursuant to applicable securities laws), and recommend any changes to the Board. In accordance with TSXV rules, the Audit Committee shall conduct appropriate review and oversight of all related person transactions for potential conflict of interest situations on an ongoing basis.

15. Hiring Policies. The Audit Committee shall establish policies regarding the hiring of employees or former employees of the Company's Independent Auditor.

16. Additional Duties. The Audit Committee shall have such other duties as may be delegated from time to time by the Board.

D. Procedures and Administration

1. Meetings. The Audit Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Audit Committee may also act by unanimous written consent in lieu of a meeting. The Audit Committee shall periodically meet separately with: (i) the Independent Auditor; (ii) Company

management; and (iii) the Company's internal auditors, if any. The Audit Committee shall keep written records of its meetings, which will be filed with the minutes of the meetings of the Board.

2. Subcommittees. The Audit Committee may form and delegate authority to one or more subcommittees, as it deems appropriate from time to time under the circumstances (including a subcommittee consisting of a single member). Any decision of a subcommittee to preapprove audit, review, attest or non-audit services shall be presented to the full Audit Committee at its next scheduled meeting.

3. Reports to Board. The Audit Committee shall report regularly to the Board.

4. Charter. At least annually, the Audit Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

5. Independent Advisors. The Audit Committee is authorized, without further action by the Board, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Audit Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Audit Committee.

6. Investigations. The Audit Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Audit Committee or any advisors engaged by the Audit Committee.

7. Funding. The Audit Committee is empowered, without further action by the Board, to cause the Company to pay the ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.